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WEEK

APRIL 14
1934

BUSINESS WEEK

McGRAW-HILL
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20 CENTS

Acme

"REBUILD AMERICA"—As head of the National Emergency Council, Frank C. Walker bosses the job of building the new addition to the recovery structure—a government housing program.

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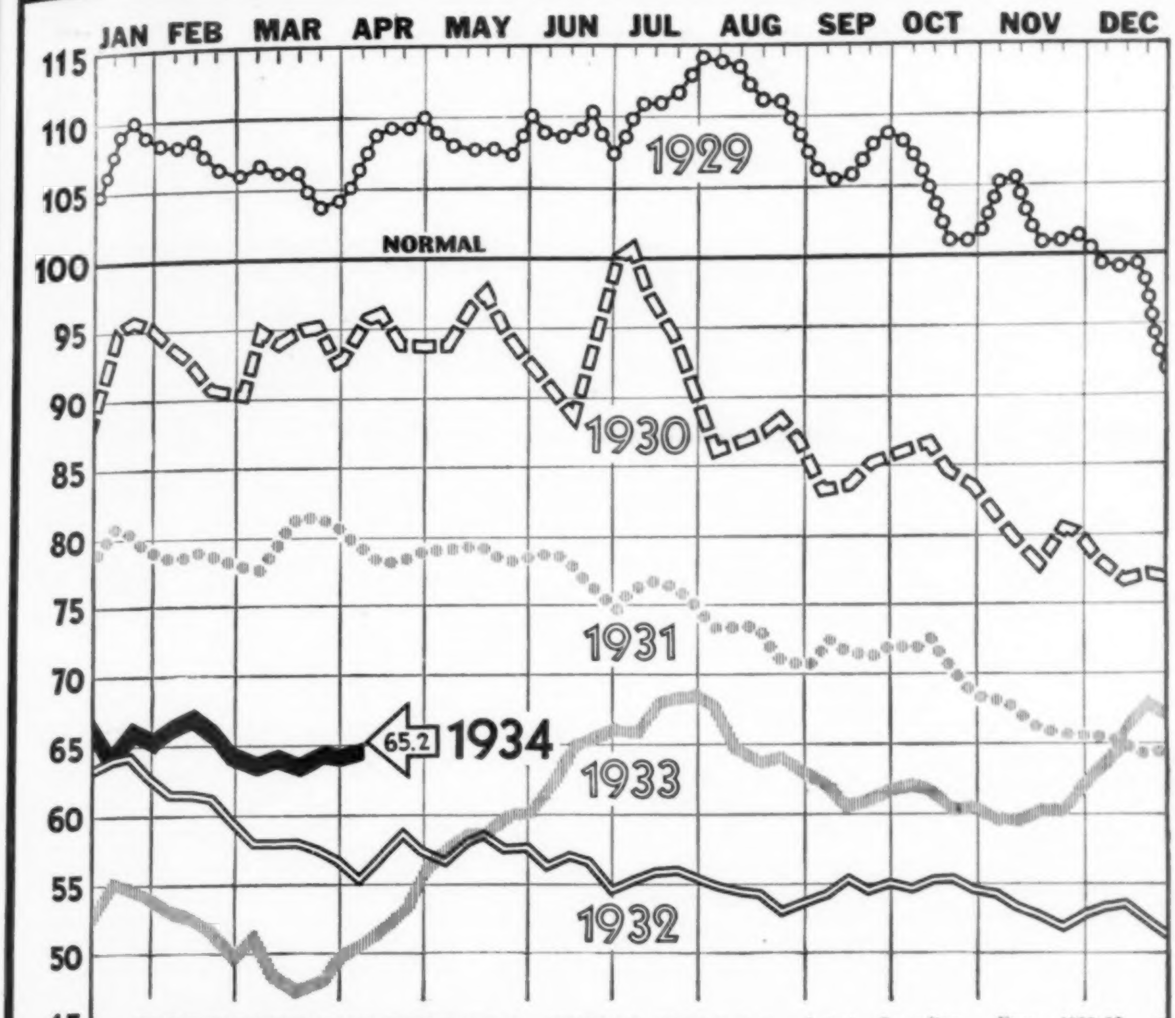

BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

	Latest Week	Preceding Week	Year Ago	1929-33 Average
	†65.2	†64.9	50.8	78.3
PRODUCTION				
★ Steel Ingot Operation (% of capacity)	47.4	43.3	20	53
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4 week basis)	$6,824	$5,879	$2,131	$11,535
★ Bituminous Coal (daily average 1,000 tons)	*1,534	1,443	901	1,207
★ Electric Power (millions K. W. H.)	1,617	1,666	1,399	1,583
TRADE				
Total Carloadings (daily average, 1,000 cars)	101	101	83	121
★ Miscellaneous & L. C. L. Carloadings (daily average 1,000 cars)	66	66	56	84
★ Check Payments (outside N. Y. City, millions)	$3,519	$2,966	$2,946	$4,998
★ Money in Circulation (daily average, millions)	$5,387	$5,358	$5,984	$5,069
PRICES (Average for the Week)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.82	$.81	$.54	$.78
Cotton (middling, New York, lb.)	$.122	$.122	$.066	$.121
Iron and Steel (STEEL, composite, ton)	$32.40	$32.40	$28.14	$32.18
Copper (electrolytic, f.o.b. refinery, lb.)	$.081	$.078	$.050	$.119
All Commodities (Fisher's Index, 1926 = 100)	73.5	74.0	56.2	76.5
FINANCE				
Federal Reserve Credit Outstanding (daily average, millions)	$2,525	$2,534	$2,570	$1,544
Loans and Investments, Federal Reserve rep't'g member banks (millions)	$17,508	$17,472	$15,927	....
★ Commercial Loans, Federal Reserve reporting member banks (millions)	$4,668	$4,647	$4,640	....
Security Loans, Federal Reserve reporting member banks (millions)	$3,569	$3,514	$3,617	....
Brokers' Loans, N. Y. Federal Reserve rep't'g member banks (millions)	$955	$886	$376	$2,459
Stock Prices (average 100 stocks, Herald Tribune)	$103.76	$102.73	$83.08	$132.07
Bond Prices (Dow, Jones, average 40 bonds)	$94.12	$92.79	$73.91	$86.69
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	2.1%	4.0%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1-1¼%	1-1¼%	2¾-3¼%	3.8%
Business Failures (Dun and Bradstreet, number)	226	230	418	509

*Preliminary †Revised ★Factor in *Business Week* Index

The Business Outlook

MEASURED against the dismal depths reached in the first 3 months of 1933, the first quarter of 1934 looks good indeed. Will the second quarter be able to hold these gains and possibly better them?

The steel and motor industries are girding themselves for a try at it, though they are anything but happy about the labor situation. The recent wage increase is proving less of an insurance against industrial unrest than anticipated.

In the past week, a brief strike in an important motor parts plant caused a temporary shutdown of Hudson. Meanwhile authority of the newly-created automobile labor board has been flouted, and appeals passed over its head to Washington. In Alabama, coal producers have sought an injunction against the wage increase proposals of the bituminous code. Here and there, strikes are cropping up for substantial wage increases, or union recognition.

Bright Signs

Among the brighter indications of returning confidence are the rising trends in manufacturing employment and payrolls, in farm income, in department and chain store sales, in steel and automobile production, and in building construction. In New York, leading industrial state, employment and payrolls in March reached the highest levels since 1931, making unusual gains over February. Clothing, textile, building material producers added men to their forces. Even silverware and jewelry makers find the market opening up.

Retail Sales Brisk

With the help of rising prices and an earlier Easter, department store sales in March jumped 44% above last year when the bank holiday put a damper on trade. For the first quarter, sales were 27% ahead of 1933, with the sharpest gains still shown in the agricultural districts. Variety stores offering goods from 5¢ to $1 made a similar gain, even after allowing for the usual seasonal rise and the early Easter. The first 17 chain and mail-order houses to report for March had sales 35% above a year ago, with 2 mail-order houses alone making a 60% gain.

Building Still Sick—

Now that NRA code-making days are virtually at an end, interest is being shifted to consideration of what can be done to stimulate the capital goods industries, particularly construction. During the first quarter of 1934, public works and utility contracts accounted for 56% of all awards against 40% in the first 3 months of 1933. This group, moreover, increased in value by 235% over a year ago. But a total of only $462 millions for all types of construction in 3 months' time in the 37 states covered by F. W. Dodge is still too low to spread employment adequately. In the days prior to 1930, this sum would equal a single month's volume.

—But Better

During March, the construction industry took a new lease on life, following the severe chill suffered in February. Total awards of over $179 millions were 199% better than a year ago, a gain that speaks more of the depths to which construction fell than of the heights to which it has risen. Nevertheless, it does mark an improvement that cannot be ignored. Of this total, more than half, or $92.9 millions, fell to public works and utility projects, marking a 42% gain over the daily average of February. Nonresidential building, aggregating $58.1 millions in March, made the best increase over the preceding month, amounting to 63%, and was more than double the volume of a year ago.

More New Homes

Most encouraging is the 58% gain in residential construction compared with February which lifted March to $28.1 millions, the highest since April, 1932. Here the modernization drive now being formulated will exert its greatest influence. Five years of dwindling new residential construction despite an expanding population should provide an ample field.

Steel Mills Busier

Following the recently posted increases in steel prices, consumers hastened to place their orders in time to take advantage of the old level. Operations were stepped up to 47.4% of capacity and are destined to reach greater heights, barring labor trouble. Even if automobile manufacturers slacken their support, there will be enough business from railroads, farm implement makers, stove makers, and other miscellaneous consumers to maintain a good pace.

In March, steel production reached the best tonnage since last August. Capacity engaged has steadily risen from 34% in January, to 42.5% in February, to 47.8% in March. The first quarter's output is 132% greater than a year ago.

Detroit Employment High

In spite of the uncertainty surrounding the final outcome of the labor agitation around motor centers, manufacturers are surprisingly optimistic. Both Ford and Chrysler are aiming at 100,000 cars for April, and Chevrolet is planning on 127,000. Detroit is so busy that its employment index stands at 107.7% of the 1923-1925 level. Street cars and buses have been taxed to capacity to transport Detroit's 325,000 workers and their families.

Motor Output Doubled

March assemblies of N.A.C.C. members totaled 262,156 cars to which Ford's estimated total of about 80,000 should be added. This brings the first quarter up to 754,093 cars, a 105% gain over the first quarter of 1933. Expectations are that every month of the second quarter will exceed 325,000 cars per month, with April figured at 400,000.

Soft coal production passed the 9 million tons a week mark in the last week of March, but current reports indicate that April will find this series of figures turning downward in better conformity to seasonal expectations. Hard coal output has been declining for 3 weeks.

Power Curve Flattens

A sharp decline in electric power output during the week ending April 17 marks the first big break in the unseasonal upward trend of power consumption. End of cold weather plus temporary industrial respites account for the decline. Normally it should continue to drop until the late summer months. Even February found domestic consumers calling for less power, though the number of customers increased. Large commercial consumers and railroads were the chief users requiring more current in February than in January.

Failures Are Few

During the Mar. 31 week, carloadings declined very modestly from the preceding week, but the next report is expected to reflect the full brunt of lower coal shipments. The downward trend at this period is not unusual, and therefore not disturbing.

Only 226 concerns suspended activity during the week ended Apr. 5, the lowest in 14 years. With few exceptions, the first quarter's record has been the best since 1920.

Washington Bulletin

WASHINGTON *(By Business Week Staff Correspondents)*—Congressional leaders had log-rolled agreements two weeks ago that sorted bills into three neat piles—one pile to be passed, one pile to be talked about but not passed, and a third pile to be ignored. Then Roosevelt went on vacation, Congress on a political rampage. The piles are upset; the woodyard is all confusion. Maybe the President can get the boys to tidy up again, maybe not.

The new farmer-silver bloc which suddenly is finding new adherents, is a far more serious threat to Administration plans than the farmer-labor group ever was. Surprisingly enough, the sock-the-rich group in the Senate has proved almost as disturbing. These groups threaten either unacceptable enactments, or else a session protracted much beyond mid-May.

THIS WEEK

What Congress will do and won't do—our best guess.

The newest bloc and its growing power.

Help Wanted—An Assistant President.

Priority—as of Today:

Congressional leaders have blithely announced a priority list which means just nothing unless Roosevelt participated in making it up. Here it is: Airmail, sugar, Copeland food and drug bill, reciprocal tariff, stock exchange regulation.

Sure to Pass:

Sure of enactment and Presidential approval are: appropriation bills; tax law with no startling further changes; cotton production control; permanent airmail legislation, possibly even including provisions to restore business to "collusion" lines; home building and renovation; reciprocal tariff authority for President but without important new implications; legislation for acceptance of silver at a premium over the world price for farm exports and possibly government purchases at a ratio of perhaps 30 to 1; appropriation of PWA money, certainly \$2 billions, perhaps \$3 billions, much of it earmarked for specific uses.

Home Calls Loudly

Wrangling by bitter-enders, either pro or con, jeopardizes almost every other major measure. Roosevelt will crack the whip with reference to one or two. But Congress is vastly more anxious to get home and build fences than stay in Washington and saw wood. The first hot wave of mid-May will wilt legislative enthusiasm along with stiff collars.

Seriously Considered:

Measures expected to get further serious attention include: communications commission; sugar quota law; stock exchange regulation; lightening of Securities Act; bankruptcy relief for municipal governments; facilitating corporate reorganization. Questions of form and significance of these bills compel further debate, slow down development, may prevent final enactment. All but the bankruptcy measures, which lack enthusiastic backing, are likely to go through in some form or other, probably inadequate fully to meet their original purposes.

Most Doubtful:

Most doubtful, most controversial, are the Wagner Labor-Control Bill, the Food and Drug Regulation Act, and the plan for payment in full from the Treasury to depositors in closed and partially closed banks. This last is mustering enough strength to indicate passage by Congress. Presidential veto is sure, but whether it can pass over a veto is in doubt.

Empty Wagons:

Empty wagons making much noise but going nowhere this year are: public utility legislation; commodity exchange control bill (has Administration support but time prevents attention); price-fixing laws (Congress and F.D.R. agree that enough authority already exists); unemployment insurance; increased authority for NRA enforcement (only a conspicuous wish, not a legislative need); and a flock of bills expected from the Wirt inquiry, all of which will be for consumption back home, surely political in significance.

Loans for industry are certain, but not legislation about them. Either the intermediate credit bank scheme or authorization for direct loans by RFC or Reserve banks may pass. Laws already permit the latter two, hence Congressional action may languish.

New Assistant President

Roosevelt wants a new Assistant President. He is urging Frank C. Walker, long his right bower and now running the National Emergency Council, to become his chief secretary. Walker does not want the job, but Roosevelt is very persuasive.

Roosevelt's need is great because Louis Howe, his alter ego for 20-odd years, cannot continue to work as chief secretary much longer. The condition of his health makes it imperative that he take a long rest.

Walker's calibre and his intimacy with the President would make his position at the White House important beyond exaggeration.

What Business Fears

Congressmen suddenly seem industry-conscious, willing to accept the theory that business now has confidence enough, has convalesced to adequate strength, will go ahead to recovery if left unhampered by too many new regulatory measures.

There are three causes of business fear. First is further labor trouble, especially if the Wagner Bill is pressed, even in modified form. The Connery 30-Hour Bill seemingly is dead. The second cause of industrial timidity is difficulty in getting money. That explains the demand for relaxing the Securities Act and for less severe stock market regulation. The third fear, most serious because purely psychological, is dread of further drastic action, as in the airmail case.

What Business Wants

On the positive side, business wants more rigorous code enforcement, especially against trade practice evils; stability in Administration policies; active encouragement for construction and heavy industries.

Negative business desires are for less politics and no more Congressional activity. Strangely enough, tax measures, inter-party politics anticipating November, even threat of new tariff authority for the President, do not produce the usual business jitters. Other less familiar threats seem more terrifying.

Government Slums

Not least of the problems of the government's big renovation and housing campaign is to find shelter for the new agency. The scramble to find floor space in private office buildings is a commentary on the government's own housing situation. Its rent bill in Washington is \$1,156,900 a year. This pains Ickes who says the government should anticipate its housing requirements and eliminate "government slums."

The comfort of home

The comfort of home is to every man his inalienable right, whether he live in country cottage or city apartment or hotel suite. If it be one of the latter, he will expect that comfort to extend beyond his door. To the elevator, especially, since he must ride in it several times each day.

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INTO an elevator, Otis has built a quality of service and comfort that lends character and distinction to the building itself. To guard this service, to maintain it day after day, to project it into the years at a minimum up-keep cost, this is the purpose of Otis Elevator Maintenance.

Otis Maintenance is not the work of one man or of two, but of a complete and country-wide organization. First there are the examiners who do the routine work. And then come the supervisors. And back of the supervisors are maintenance experts and planners. And so on down the line to the Otis engineering force that is back of them all.

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NRA MEMBER U.S. WE DO OUR PART

BUSINESS WEEK

APRIL 14, 1934

Recovery Housing

Plans for government aid to housing, built to President's specifications, call for sweeping reorganization of home construction and financing to cut costs. Would rediscount mortgages, insure loans, but avoid subsidies.

A HOUSING bill written to his own specifications was ready for President Roosevelt on his return to Washington. As outlined by the President these specifications propose:

Modernization of existing houses that are worth the cost.

Stimulation of new home construction that can be justified economically.

Demolition of obsolete construction by discouraging repair of such structures, encouraging new construction.

Repair and replacement of industrial structures.

Consumer Credit Scheme

In this program, as it now stands in the National Emergency Council, modernization of existing homes is first in point of time, last in importance. To get this immediate phase of the plan under way pending the more elaborate machinery required for its major features, the principle of consumer credit would be adapted to financing anything that "goes on the house," as it has been applied so successfully to practically everything that goes into the house.

Utilization of consumer credit, another name for instalment buying, has shown a remarkably low loss ratio, even during the depression years. It is mortgages that have not paid out. To mobilize this credit for improvements to the home, a new type of credit instrument would be devised enabling the owner to combine in one operation all he can afford to pay for out of income during a period of 1 to 5 years.

Would Insure Risk

Banks, finance companies, insurance companies, and building and loan associations would be induced to make loans of $200 to $2,000 at 5% through insurance by a government agency of the credit risk to an extent making it reasonably certain that they would incur no loss. The campaign, set up along the lines of the wartime Liberty Loan drives, would be entirely decentralized. Local architects and engineers would be enlisted and paid by the government to direct the program in each community.

Estimates put the volume of needed home repair and modernization at $1 billion to $1½ billion. A guess is that possibly $750 millions to $1 billion might be turned up in the ensuing campaign by the end of the year. The figures have surprised members of the staff of the Emergency Council who were skeptical regarding the volume of business that a modernization program might create. It still has to be proved out as the scattered renovizing campaigns of recent years have not been conspicuously successful. It is argued that these did not get far because their primary objective was not better housing; they partook more of the nature of "buy now" and "share work" movements, ignoring the now receding fact that most home owners were hesitant because their own future was not secure.

Housing Comes First

Housing also is the sole objective of the major program that would get under way after the repair and modernization campaign had been launched. If employment was created and the heavy industries stimulated, this would be gratifying but the goal is to bring housing up to the production standards of other industries.

The home construction industry would be called on to follow the mass production trail blazed by the automobile industry. The Administration feels that house builders and home financing institutions stand accused of selling to families of ordinary means, not houses, but debts that they could not possibly repay. Its program is rooted in the conviction that the construction industry, so far as it relates to housing, must adapt itself to building houses that meet ordinary incomes and that home financing institutions, admittedly adequate, must reorganize on a basis offering substantial reductions in service and carrying charges over a term, not limited arbitrarily to periods of 3 or 5 years as at present, but adjusted to the nature and the useful life of the product.

Capital Lures

Present home construction and financial policies and practices would be made unprofitable by setting up competition responsive to popular need. Idle capital would be coaxed out of retreat and home financing institutions induced to lend by rediscounting mortgages through a central or possibly district agencies to be set up for the purpose, and insuring loans through a mutual mortgage insurance corporation under government direction and supervision in which all kinds of lending agencies could participate.

Just One Mortgage

The practical effect of this plan would be to eliminate second and third mortgages by combining them in one representing 80% of the cost of the house at a net return of 5% to the lender. A lower return to the investor is regarded as justified because the securities would ultimately have the backing of the government. By amortizing the loan over a period of 18 or 20 years, the annual payments made by the home buyer would be equivalent to 9% of the principal.

The insurance feature is believed to be all that is needed to give the liquidity required to the present mortgage market. The Administration is convinced that it is neither necessary nor desirable to set up its own financing agencies or to pour government funds into existing home finance channels. Idle capital is regarded as ample and existing institutions as adequate. Months, years perhaps, would be required for the government to establish duplicate facilities.

For essential coordination of the government's housing operations and contacts, the program calls for establishment of a unified federal agency comprising all existing ones relating to housing. The bill prepared for submittal to Congress by the President creates the agency with a provision for reporting back later the permanent form it is to take.

Up to Emergency Council

Various elements of the Administration's program have been developed independently by different groups in NRA, RFC, the Budget Bureau, and other governmental units. It was not until Mar. 20 that the President requested the National Emergency Council to bring together the product of all this scattered thought.

During the past two weeks the representatives of banks, finance and mortgage companies, real estate operators, builders, and building and loan associations have been called to Washington for a succession of conferences in which the program has been outlined to them. It will be disappointing to those who

advocated that the government engage directly in home construction as another step towards state socialism. It will be equally disappointing to private institutions which said: "Give us the money and we will build the houses." To the sluggish heavy industries it will not be as attractive as direct loans by the government for home construction.

Certain types of finance institutions and contractors are expected to resent overhauling of their methods. But the essence of the program is housing at low cost in large volume. To the Administration this does not mean only the recovery of home construction and real property financing industries but their complete reorganization from the ground up. It has taken no pains to conceal its opinion of them as the country's two most inefficient industries. They may not enjoy the prospect but now at least they know what to expect.

How Much Need?

The need for a vast new housing program cannot be demonstrated by figures since no comprehensive survey exists. Local studies furnish some evidence. The Philadelphia Housing Commission estimates that a 5% vacancy is normal, and the supernormal vacancies now are the consequence of doubling-up of families, that when this doubling up ceases, there will only be 2% vacancies. In New York, Housing Commissioner Post estimates that 70% of the dwellings were built prior to 1901 when the New York housing law set new minimum requirements. United Neighborhood Houses estimates that there are 67,000 old buildings in the city housing about 25% of its population "under conditions which are a disgrace." Federal slum clearing funds, it is pointed out, "will leave 1,000 blocks to be dealt with."

A survey in Detroit shows that vacancies in apartment houses above 4 families have decreased from 12,000 in February, 1933, to 4,353; single-residence vacancies from 9,000 to 6,000; flats from 19,000 to 11,000.

The Job Angle

Steam is being put behind the government housing program because of urgent need to boost employment. Current allotments by the Federal Emergency Relief Administration exceed by $5 millions to $15 millions a month the advance estimate of $75 millions Apr. 1.

When the CWA terminated, approximately 1,953,000 remained on the payrolls after approximately 2 millions had been dismissed. Substantially that many have been transferred to EWA rolls. It is clear that PWA and improved business conditions are not absorbing the dismissed CWA workers with any degree of rapidity. Secretary Ickes' estimate that the PWA will reach a peak of 750,000 to 880,000 "man-months," indicates its job limitations.

Wide World

MICHIGAN CLOUDS—Recurring flare-ups in the labor situation make the Automobile Labor Board's job increasingly difficult. The pickets here parading before Motor Products Corp. finally were appeased by a 10% wage increase, but strikes threaten other plants as labor leaders become dissatisfied with the Board's policy.

The Peace Without Victory

Automobile companies, workers, and labor board members are working for peace—or playing for time—in an atmosphere still thick with strategy.

THE trouble with the automobile labor situation which was presumably settled by President Roosevelt two weeks ago (*BW—Mar31'34*) is that the settlement was an attempt to produce a peace without victory—and history has the answer to that.

This statement covers labor dissatisfaction with the performance of the Automobile Labor Board, of which so much was promised, the strength of the "outside" Mechanics Educational Society which is loose in the tool and die plants, and the maneuvering of the automobile companies. The fact that the automotive workers have the impression that the A. F. of L. came away from Washington rather more obviously without victory than the employers explains signs that the Federation's Detroit leaders are a little jumpy about "discipline."

The Labor Board adds another explanation to all this: that it hasn't had a fair trial yet. It wasn't created to settle strikes or to negotiate wages, hours, and working conditions for employees. Its job was to set up the machinery for collective bargaining and see that no one tampered with it. But it started out with the Nash strike dumped in its lap, then the Motor Products strike—on both of which, neutral observers admit, it did a pretty good job.

While, of course, the board has not formally agreed with those employers and employees who see nothing but x's in the Roosevelt formula for plant parliaments of all labor groups, it seems to be acting much as if it had. Its immediate policy is apparently to encourage the conferences between employers and A. F. of L. plant committees to settle grievances directly without asking Dr. Wolman and his colleagues for decisions that, they well know, would be filled with dynamite. Such conferences were scheduled to start between Knudsen of G.M. and union representatives this week.

In these conferences the board is suggesting that minor grievances be taken up first, on the theory that a mild policy will lead to further meetings and settlement of more serious questions, until eventually the full program of collective bargaining will be established without causing too much shock.

One trouble with this process of "infiltration" is that a slow, reasonable, and altogether logical course would

seem like procrastination to union members and, after all, the A. F. of L. must collect dues and live down its fumbling at Washington. Another is that if the process outlasts the peak season the men foresee that the balance of bargaining advantage will tip toward the manufacturer. Time is of the essence of this situation and both sides know it.

There are other obstacles. The company unions, new style, are getting under way without apparent inspiration from higher up (and without dues). And, over on the left, is Matthew Smith of the Mechanics Educational Society, excoriator of the Washington settlement of "Old Man A. F. of L. in his senility," out to add automobile workers to his skilled members in the tool plants where a strike might choke down the necessary flow of parts to the assembly lines. The tool and die situation, incidentally, is the most immediately threatening and would be more so except that the settlement of the Motor Products Corp. strike early this week lent some hope that Washington knows ways of turning on the heat—even when the President is off fishing.

Designers' Show

There's a lot of talk about Art around Rockefeller Center, but behind it is a workmanlike exhibit of the redesigning which sells.

To the troubled, if not tired, business man in search of new ideas, the exhibits in and around Rockefeller Center in New York are broad in possibilities if somewhat confusing in purpose. There are three displays of what is called, "Art in Industry," each separate and distinct from the others.

On the 62nd floor of the RCA Building is the big design show sponsored by the National Alliance of Art in Industry; in the same building is an exhibit of progress in synthetics and plastics given by The Fashion Group. A stone's throw to the north, at the Museum of Modern Art, is a display of the beautiful in machine art, in which propellers and coil springs are glorified, not because they are good propellers or honest coil springs, but because they have lovely lines sweet to the souls of those who like nice things, even if they are propellers out of water.

But the presidents in search of products and profits should not be frightened by the emphasis on Art. Beyond the Old Man with His Beard Afire over the doorway to 30 Rockefeller Plaza, above the much-muralled lobby, there are sales potentials on display. Included are examples of product design and redesign which may or may not be Art but which are what treasurers like.

Really Representative

The Art Alliance exhibit is the most significant. It is a really representative designers' show; almost every important American industrial designer is numbered among the hundred or more participating. Over a thousand products are displayed, ranging from toys to a grand piano, from a pencil sharpener to a complete house and garden.

Many of the products have been pictured and described previously in *Business Week*, but many are shown for the first time. Altogether, they represent an excellent cross section of the progress of industrial design and furnish an estimate of the future.

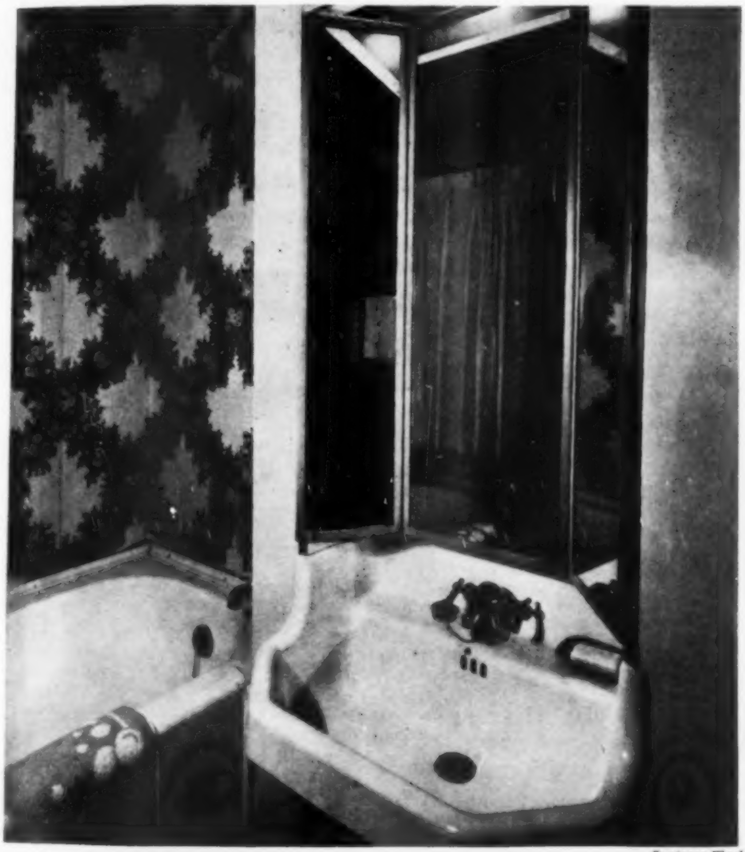
Included are refrigerators, adding machines, radios, table ware, oil burners, vacuum cleaners, upholstery and decorative fabrics, rugs, kitchen ware, scales, clocks, bathroom fittings, furniture, gasoline pumps, pianos—the list is long and varied.

Most spectacular single exhibit is a complete pre-fabricated week-end house designed by Holden, McLaughlin Associates for American Houses, Inc. The construction system substitutes large, factory-made units for the thousands of pieces cut to fit at the site.

Use Makes Form

Like the best of other products on display, the house looks as it does because of what it is. It is this "functionalism" which gives it the simple, direct design which the unknowing refer to as "modernistic." It has a flat deck roof, is made of asbestos and cement panels on a steel framework. There is a large living room, a bedroom and bath, a covered porch and landscaped terrace.

Windows swing with a crank, as in an automobile. The kitchenette (this is a week-end house, larger models have kitchens) backs up to the bathroom so that the same set of piping may be used for both. Plumbing is concealed in the unit housing the washstand, medicine



Business Week

AT THE DESIGN SHOW—Biggest, most spectacular exhibit at Rockefeller Center, is a pre-fabricated house designed by Holden, McLaughlin for American Houses, Inc. In the bathroom, all the pipes and traps (which also serve the kitchen on the other side of the wall) are concealed, yet accessible, in a single "duct." Doors to the medicine chest make a triple mirror.

closet, tub and shower heads, yet access is easy through removable panels.

Throughout the show, exhibits are grouped naturally, there is no attempt to put all the work of one man in one place. Prominent among those whose work is displayed are Teague, Dreyfuss, Deskey, Rohde, Wright, Van Doren, Guild, Sakier, Arens.

For a small admission charge the public is permitted to expose itself to the new ideas and new products. Over a thousand people stepped up with their money on opening day, leading exhibitors to hope that their efforts to merchandise their services might pay for themselves. The show will continue for the balance of the month. An important feature is the afternoon and evening discussions of the application of design.

Utilities Win

U. S. Supreme Court dismisses appeal by Kansas and allows utilities to retail appliances.

By dismissing an appeal by the state of Kansas, the U. S. Supreme Court allows gas and electric companies again to sell consumer equipment in the state. The decision is of national importance. In 1931 the Kansas legislature harkened to the complaints of independent retailers and passed a law putting the utilities out of this business. Two summers later (*BW—Jun24'33*) the Kansas Supreme Court dealt the law its first blow by declaring it in violation of the 14th Amendment to the U S. Constitution. Now the nation's highest court rejects the state's appeal.

Reverberations of the action will be heard in Oklahoma which passed a law similar to that of Kansas in 1931. The State Appellate Court of Texas last year dissolved an injunction forbidding appliance sales by the San Antonio Public Service Co. on the ground that it violated the national constitution. It is not thought that Oklahoma will argue the question any further. Thus ends a famous retail feud that at one time led to the introduction of prohibitory measures in 18 legislatures. Only those of Kansas and Oklahoma became law. Both sides have since learned a lot.

Different Incentives

Power companies were thinking of building load in selling appliances, while competing retailers thought in terms of profit. The utilities indulged in cut prices and other sale inducements that independents couldn't meet. The latter retaliated by stirring up their legislators. When utilities quit selling in Kansas and Oklahoma, the mail-order house and the chain store moved right in and the independent was stymied again. Newspapers kicked because the laws hurt advertising. In Kansas the electric companies were ready to give in but the Doherty gas companies led the campaign which ended in final victory for the utilities. Many of the abuses have been voluntarily ended by the gas and power companies.

Tire Truce

Price war ends when 97% of tire industry signs a treaty drawn up by General Johnson.

Doubting Thomases who have scoffed at the idea that NRA could actually whip price-cutters into line and improve competitive conditions in any field, should cast their eye upon the terms of the 40-day truce just approved by NRA and the tire industry.

Price-cutting on automobile tires broke out in several of the larger cities early in March (*BW—Mar17'34*), spread like wildfire, grew in viciousness, threatened to wipe out many small dealers at the height of the selling season when they should be building up a profit surplus to last through the year. Some blamed it on mail-order competition, others on chain stations, still others on the manufacturers who made tires for mass distributors, but regardless, most of the dealers joined in the fray. A few wise ones stood on the sidelines, watched the battle while doing no business; some even closed their stores.

Under the 40-day truce negotiated by General Johnson for the purpose of stabilizing tire prices, agreed to by 97% of the tire industry, price schedules existing as of Mar. 3 are acknowledged as the basis of current sales.

Except on sales already announced, mail-order houses will limit their cut-under to 10% when tires are sold at their retail stores, to 17½% when sold by mail, and free mounting service will be discontinued at their stores. Chain tire stores and oil company stations will sell not more than 5% under the store prices of the mail-order companies.

Tire manufacturers have agreed to use only the established listed catalog prices in newspaper advertisements and handbills, but, to protect their dealers, may permit them to meet mail-order and chain store prices without advertising.

Just one factor might cause a blowout. A big tire campaign by one of the mail-order houses, in the works and already announced, may go too well, pull in rivals, break up the truce.

Rushing Code Through

Meanwhile constructive interests are whipping a code for retail tire dealers into shape. They hope that the terms of the truce will quickly demonstrate the value of a type of differential schedule that recognizes the different types of outlets involved. They believe that a code containing similar provisions, with suitable teeth and backed by real enforcement, may at last write *finis* to the destructive competition that has prevailed in this field.

International News

TURF LOVERS—This quartet took time off from government affairs to watch the races at Bowie. Left to right, Assistant-Postmaster-General Evans, Vice-President Garner, Senator Robinson (Ark.), and Chairman Jones of the RFC consider an investment to improve the breed.

International News

CREDULOUS?—Dr. William A. Wirt practices the warning gestures he hoped to use before the Congressional Committee aroused by his charges of Brain Trust "plotting." P.S.—He failed to shake the nation.

Brain Trust vs. Congress

Radical lobe of Administration cerebrum alarmed at Congressional changes in key measures, but Congress turns up some left wing proposals of its own. Roosevelt faces critical decisions.

WASHINGTON — President Roosevelt's return finds Brain Trusters aghast at assaults on what they regard as key measures, and Administration leaders worried over the recent tendency of Congress to seize the bit in its teeth.

It was not exactly an ultimatum which was wired to Florida by the Brain Trust lads—certainly they would deny any such implication. But there is no doubt it was a Macedonian cry—"Come and save us, or we perish!"

First there is the emasculation of the stock exchange regulation bill. It might be argued that the powers to regulate the exchanges as approved by the Senate Banking and Currency Committee early in the week were not stricken out, but were only transferred to another government agency. But the forward lookers know that the Federal Trade Commission is all right from their point of view. Their man Landis, who had drafted the securities bill, sits on it. Regulation by it would be sympathetic to the ideas of the radical fringe of the President's advisers, rather than sympathetic to those who still believe in big profits, large salaries, and other such "iniquities." True, the President would name this new proposed commission to regulate the stock exchange, and his advisers could suggest its personnel. But there enters the element of doubt. Sometimes the President seems to his radical friends to lean very decidedly to the conservative side. The new commission might be named on one of those days when the President is leaning right instead of left.

Of course all this cannot be forcibly presented to the President by the radical Brain Trusters, and is not so being presented. Their tack is to tell him he has obtained senatorial approval for the present Federal Trade Commission members—BUT—what might happen if the Senate continues to lean to the right, and should reject his nominations for the new commission? This argument is potent. The President still has vividly in mind the votes overriding his veto and the failure to ratify the St. Lawrence treaty.

This is only one of the problems confronting the radical wing. Its members are worried about threatened modification of the Securities Act to a far greater extent than appeared possible a few weeks ago.

Both apparent swings to the right in the Senate are coincident, it should be noticed, with the tremendous boost in taxation, especially on the wealthy. Figuring exemptions, practically all the increases are on the upper middle classes and the rich. Voting for these taxes, senators give themselves what seems to be an airtight political alibi if they then want to vote conservatively on such measures as stock exchange regulation and securities control. Plus the fact that there is no certainty even by their votes that the taxes will be imposed. Some of the senators who voted for the higher taxes do not want them. They are hoping the House will kill them, or the President veto them, just as some of the House members hoped the Senate or a Presidential veto would kill the independent offices bill.

House More Conservative

Curiously enough, the House is giving every indication of being more conservative on the tax question than the Senate. Its leaders announce they will not accept the new taxation unless the President insists on it.

Why there should be this curious difference between the political tactics considered necessary by senators and members of the House is rather baffling to the observer. But it is nothing new. It has been the case ever since the income tax was made constitutional. Every big boost of taxes on the higher incomes has been made in the Senate. And apparently history is just repeating itself for something like the fifth time.

Insurgent movements are threatening in Congress also on several other propositions.

Announcement last Monday morning that a poll of both houses showed a tremendous majority for passage of the McLeod bill, which would have the government at once pay every depositor in closed or partially reopened banks the full amount due him, is insurgent. The President has made it clear he would veto this measure if passed. But the poll showed plenty of votes to pass it over his veto. The bill is mighty good politics in a campaign year.

Weighing Votes

Very few voters not directly affected would vote against a man just because he voted for this measure. But many of the depositors whose money is still locked up would vote against a man who voted against the McLeod bill. It is a direct pocketbook issue.

In the President's absence the silver bloc also has been gaining ground. Ten days ago, indications were that Congress would content itself by passing the Dies

International News

LABOR DISCUSSION—A strong front of industrialists and manufacturers have attacked the proposed Wagner Labor Disputes Bill, which is up for hearing and consideration by the Senate Education and Labor Committee. Chairman Walsh (left, Mass.) talks things over with Senators Metcalf (R. I.), and Walcott (Conn.).

bill, providing for the acceptance of silver at a premium over the world price in exchange for agricultural exports. Indications were this would not be unacceptable to the President. But it is now fairly certain that some form of silver purchase proposition will be deposited on the President's doorstep. The so-called Thomas amendment to the agricultural bill is not the final form now expected by close observers. But there is every sign that a bill which will provide for the purchase of silver at a ratio to gold of something like 30 to 1 will be passed by both houses. No doubt whatever exists about the Senate. Little doubt exists about the House. The silver people are afraid the President may do a little stifling in conference, but are sure something will emerge anyhow.

Regimentation or Guidance?

The issue of national planning comes to a head. A corps of professors under Ickes prepares ideas for Roosevelt, who must decide how far to go.

WASHINGTON—National planning on a hitherto unprecedented scale is now being worked out by a group of experts for the consideration of President Roosevelt. Housed in the Brookings Institution (economic laboratory of three administrations), blessed with the titular chairmanship of Secretary Ickes, half a dozen of the professors are assembling data and ideas which will be in the hands of the President shortly after Congress adjourns.

Under cover, a battle is going on as to (1) whether national planning is to be pushed through as a broad Administration policy, and if so (2) whether it shall approach the regimentation of Russia or become a guiding and friendly genius of "self-government by the governed" in industry and business.

President Roosevelt believes in planning—he has said so from the earliest days of the campaign and NRA, AAA, the National Emergency Council, and the other new government agencies have all tended in that direction. National planning as such, however, has not been a definitive policy. Rather, the policy has been to recognize that this is an era of change and of complicated problems, and to proceed by trial and error.

For months, the lines have been growing tighter between two opposing schools of thought amongst the New Dealers. One holds that the only way out is elaborate national planning, covering every activity "for the period of the emergency." The other insists vigorously that government should set business to organizing and directing itself, with government keeping in the background. The President himself has seemed to lean to the "self-government" idea. He has been indignant over monopolistic tendencies, and convinced competition should be maintained.

The issue has been brought into the foreground by the recent Federal Trade Commission report on the steel code, a broadside criticism of NRA pricing procedure, by the appearance of a new book by Dr. Rexford Guy Tugwell, advocate of "national economic planning," and by the laying down of broad policies for meeting new phases of recovery.

An Obvious Sign

The "Rebuild America" project (*BW—Mar24'34*) is the chief external evidence. The bill to correlate the construction activities of the government (page 7), reform building financing to eliminate the "second mortgage" racket, and allow long-term, low-interest loans, and to start the investment of billions in modernization and new construction will be in Congress within the next few days. The machinery for providing working capital for industry through government aid is being set up. The drive for capital goods revival is being fed by a study of obsolescence in factories; it will be put over probably along with the construction drive; probably will follow closely the methods of the similar successful drive in Philadelphia last winter. The only reason for delay in announcing the setup is the very fact that it is to be made a part of a "national" plan.

"Planning" Definition

Just what should "national planning" be in the United States?

Dr. Tugwell: "Successful economic planning involves the encouragement of industrial development along socially useful lines, based on the recognition that the social utility of an industry can not always be determined by its ability to yield private profits. Planning involves public participation through government in the distribution of capital among industries, by means of taxation, regulation of profits, and in various other ways."

John Dickinson, Assistant Secretary of Commerce, interpreting the recovery program: "The method is trial and error. In so far as the trial may be shown not to succeed, every effort will be made to find a better solution. The program will be defeated, not by failure to conform to logical deductions, or to generalized conceptions, but only by failure properly to adjust to concrete facts."

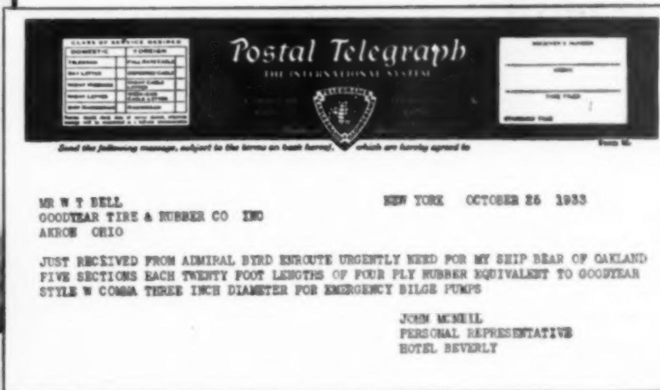
The General's Ideas

General Hugh Johnson holds that the NRA plan is to have business organize itself, with the government on top, ready to decide when business cannot meet the issue or when various interests conflict, but with every possible issue decided by the industry concerned.

Charles E. Stuart, administrative vice-president of the Export-Import Banks, and the man whom Bernard Shaw described in his New York speech as the

WITH BYRD IN POLAR SEAS!

His Supply Ship "Bear" Clears Bilge with GOODYEAR SUCTION HOSE


Postal Telegraph
THE INTERNATIONAL SYSTEM

MR W T BELL — NEW YORK OCTOBER 26 1933
GOODYEAR TIRE & RUBBER CO INC
AKRON OHIO

JUST RECEIVED FROM ADMIRAL BYRD ENROUTE URGENTLY NEED FOR MY SHIP BEAR OF OAKLAND FIVE SECTIONS EACH TWENTY FOOT LENGTHS OF FOUR PLY RUBBER EQUIVALENT TO GOODYEAR STYLE W COMMA THREE INCH DIAMETER FOR EMERGENCY BILGE PUMPS

JOHN MCNEIL
PERSONAL REPRESENTATIVE
HOTEL BEVERLY

ADMIRAL ORDERS STYLE "W"

His Own Message

Reads Like a G.T.M. Specification

Byrd and his gallant crew are down there now, alongside the great ice barrier at Bay of Whales and Little America. Only the radio binds them to kin.

Standing by also has been the Admiral's supply ship, "Bear of Oakland", equipped with another steadfast connection with safety—*Goodyear Style "W" Suction Hose.*

We speak of it very modestly in our catalog: "It will give excellent service and where it is given good care it will stand up under considerable punishment."

Evidently the Admiral weighed every word of that when he radioed his order.

YOU and the G T M

Your business, too, may be exploring, these days. Certain things you can anchor to: *Quality*, scientifically produced; *Efficiency*, expertly applied.

Goodyear makes a world-recognized line of Mechanical Rubber Goods. The G. T. M.—Goodyear Technical Man—knows where these goods can operate to your advantage. Why not get your equipment problem and the G. T. M. together?

Write Goodyear, Akron, Ohio, or Los Angeles, Calif., or call your Goodyear Mechanical Goods Distributor.

BELTS · MOLDED GOODS
HOSE · PACKING
MADE BY THE MAKERS OF GOODYEAR TIRES

THE GREATEST NAME IN RUBBER

GOODYEAR

one American who really knew about Russia, has set the alternatives clearly. He has long advocated national planning, sharply differentiated from the Russian plan, but he holds that unless planning is done in the American way, the Russian style may come. Mr. Stuart concludes that only through a National Economic Council with power to guide and help, not dominate, industry's travel along the road of its own development, can the problem be met.

Leon Henderson, new head of the division of research and planning of NRA, has been turning his organization to the job of merely "gathering the materials for national planning."

The so-called National Planning Board of the PWA, headed by Frederic A. Delano, uncle of the President and a distinguished architect, is also holding back in order to give any new planning group which may be devised an opportunity to go ahead on its own.

These indications, listed in various fields and quoted from various important figures in the government, indicate with fair clarity that there is today a definite determination to sift the planning idea through to the bottom.

Detroit Collects

With a bargain offer and an advertising campaign, the Automobile City shows the country how to round up those delinquent taxpayers.

THERE has been much in the news from Detroit about recovery in the automobile industry, but little about the unique and effective city campaign whereby a treasury bare of cash on Dec. 1 is now bursting with funds. It is a story of the application to government of modern business methods.

The depression, plus local charges of reckless and inefficient official spending, brought on in Detroit what amounted to a taxpayers' strike. The man who paid his taxes was the exception; 237,000 out of 480,000 parcels of property were tax-delinquent. Penalties, ranging from 16% to 48%, piled on top of each other from year to year.

Last Nov. 7 the municipal administration proposed and put through an amendment to the city charter whereby delinquent taxpayers were offered a bargain. If they would pay their back taxes (prior to 1933, which was not included in the offer) in full, the city would be satisfied with the original amount due, plus the first year's interest and a small carrying charge, on all of which it would allow a 5% discount. Those unable to pay up immediately could make a cash payment of 5% and wipe out the remainder in semi-annual instalments for 7 years, with 5% interest charged on the unpaid balance. This would amount to about 7½% every 6 months, including interest.

How It Works

It was easy enough to get the people to vote for this bargain program, but how to make it function was another matter. At this juncture Albert E. Cobo, who had been quietly working behind the scenes as deputy city treasurer, stepped out front. No professional politician, Cobo is an efficiency expert who has specialized in putting municipal departments with the usual "City Hall" look onto a business basis. His services had been highly valued by the Burroughs Adding Machine Co.

Cobo asked a doubting City Council for an advertising appropriation of $10,700 to be spent from Dec. 1 to Jan. 10. With its tongue in its cheek, the Council granted the request. He immediately started his collect-back-taxes campaign, using 100 billboards, 6 radio stations and advertising space in local newspapers and periodicals. Four hundred thousand circulars were printed and distributed by school children, banks, trust companies and other media. The money rolled into the city treasury. By Jan. 10 collections totaled $8.9 millions and 100,000 pieces of property had been cleared of back taxes.

A second appropriation for advertising, $18,000, was voted for the 2-month period from Feb. 10 to Apr. 10, final day of the bargain period. The flood of delinquent taxpayers has overwhelmed the city treasurer's office, which recruited a night force of 50 clerks to handle the business.

A Final Rush

By Apr. 6 the number of delinquents had dropped to 100,000; indications were that a final rush would reduce the total to 35,000 to 40,000. Since Jan. 10 about $4½ millions have been collected in cash, making $13.4 millions collected in 4 months.

Mayor Frank Couzens, son of Senator Jim Couzens, and his finance committee are now operating within a limited budget, not on mythical estimates. Indications are that the 1934-1935 municipal budget will be lower than the current one. This is balm to the headache of the taxpayer who watches state and federal expenditures still mounting.

Alarm had been expressed that the

Business Week

LUNCH ON THE JOB—With shorter working days tending to eliminate the lunch hour, Goodyear designed a lunch wagon, just placed on the market, to take meals direct to factory workers. The wagon (425 lb.) is of aluminum alloy, easily handled by one person, has a pastry rack and 27 other compartments for milk, cream, sandwiches, a 5½ gallon coffee urn, miscellaneous foods.

Code Allocation of Copper Production for Domestic Use

Company	Annual Capacity Tons	Monthly Output Tons	% Capacity
Kennecott	366,500	6,120	20.0
Anaconda	225,000	3,750	20.0
Phelps Dodge	168,000	2,805	20.0
United Verde	68,000	1,292	22.8
Calumet & Hecla	50,000	1,100	26.4
Miami	36,000	828	27.6
Magma	25,000	625	30.0
United Verde Extension	24,000	600	30.0
Consolidated Coppermines	21,000	567	32.4
Copper Range	17,500	525	36.0
	1,001,000	18,212	21.8

delinquent tax plan, removing penalties, would encourage tax delinquency and reduce collection of current taxes. Experience has dispelled this fear. The government now is operating successfully on the theory that a low tax levy, permitting a large majority of property owners to pay, will produce as much or more revenue than a high levy spread over a few large taxpayers.

Explaining the principles on which the government is working, Mr. Cobo says, "We are trying to apply to government the same productive efficiency so long used in industry. With an ever-growing number of bureaus, departments, and whatnots, government is becoming top-heavy and entirely too expensive. The manufacturer is constantly searching for ways and means whereby he can reduce his costs and pass along the savings to the public which purchases his product. Efficient government can do the same thing for its citizens and taxpayers. The more experience it has, the more efficiency it should acquire and, in turn, the less it should cost the people to serve them well."

Coding the Metals

Knotty problems are cut by copper code which allocates production, impounds stocks. Metal prices firm as non-ferrous industry prepares to go Blue Eagle.

THE copper code lies close to the top of the pile of documents awaiting the President's return. Its approval is freely forecast but officials have refused to reveal its terms prior to the affixing of the official signature. However, enough has leaked out to warrant the generally held opinion that this code, plus the other nonferrous codes held up to let copper go first, will bring a radically new deal to all the industries.

Aside from the labor provisions, the high points of the copper code are understood to be (1) no price fixing, (2) allocation of production on a basis of capacity, (3) impounding of stocks for orderly liquidation. These three working together should bring slightly higher prices for the metal, prices that will permit most companies to pay higher wages and still cover the cost of production. They ought to cut domestic production below consumption and, at the same time, allow a constant whittling away of the admittedly enormous stocks held above ground. They are intended to induce an individualistic industry to try cooperation in meeting its common problems.

The decision not to fix prices is important because it demonstrates how far NRA has shifted from this form of control. The value of price-fixing as a means of checking wasteful production and use of our natural resources is subscribed to by most observers, but the public cry of "collusion" on code prices has caused its omission from the code of one of our greatest minerals. Control, instead, is to be exercised by limiting production for domestic consumption to a sliding percentage of a computed capacity. For the first 3 months the domestic production of the 3 larger companies will be so set that 20% of capacity may be sold at home.

The smaller companies are permitted a gradually increasing percentage output, the smallest being allowed an output of 36% of capacity. Total production, as will be seen from the table, figures out at 21.8% of capacity. More may be mined for export.

Smelter operations, too, are to be controlled. The code intake tonnage per month is understood to be as follows:

	Tons
New U. S. copper	18,212
Cuban copper	525
Custom and scrap	9,500
Byproduct	1,500
	29,737

Perhaps the most radical provision of the code is that which aims to reduce stocks and equalize competition during the control period. It recognizes the fact that the largest fabricators are subsidiaries of the largest producers and would force those fabricators to use some copper other than that owned by the parent companies. For example, Anaconda's American Brass and Anaconda Wire & Cable, after absorbing the company's allowed monthly output, must purchase some 4,000 tons on the open market before digging into its own stock on hand. This permits other companies to dispose of a part of their production and stocks. Somewhat similar requirements apply to Kennecott's Chase Copper & Brass and the manufacturing subsidiaries of Phelps Dodge.

Stocks Are Excessive

Copper stocks in this country, including the metal inventories of fabricators and other consumers, are estimated at 800,000 tons or some 500,000 tons above normal. Domestic consumption at its current rate of between 30,000 and 40,000 tons per month, or just slightly above production, would take years to reduce this pile to normal. But with a full industrial recovery a consumption of 60,000 tons monthly is possible and, if production can be kept low, the problem is not insoluble. In addition, there is the possibility that considerable copper may be exported. Refining capacity abroad has grown in the past 5 years but foreign stocks are not excessive and the quickening demand for industrial and rearmament purposes has led to foreign prices higher than domestic.

The prospect of the code lifted domestic prices fractionally this week to 8½¢ a pound. A 9¢ price is expected soon after the code is signed and some would not be surprised if the advance went beyond 10¢. This may be compared with an estimated average American production cost of 8.6¢ before depletion and depreciation, of 10¢ after those charges.

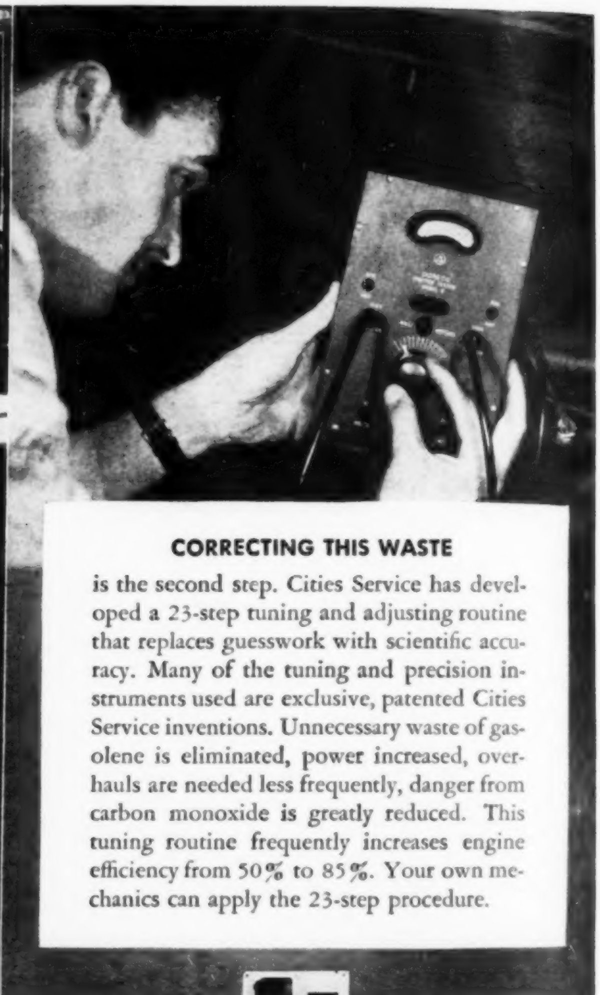
The conditions facing the other nonferrous codes are much less severe. Zinc is in a good statistical position with United States stocks approximately normal at 110,761 tons. The season for galvanizing is now at hand and the galvanizers are not well covered. Die-cast zinc is becoming one of the biggest competitors of copper in the automotive field. Lead statistics are not so favorable. Stocks of refined lead at 216,224 tons on Mar. 1 were twice normal.

How 4000 Executives

as much as

FIRST STEP IN SAVING MONEY

is the scientifically accurate test on the Cities Service POWER PROVER. In 30 seconds this exclusive Cities Service invention analyzes exhaust gases and shows whether the engine is operating at 65%, 50% or less of its efficiency...indicating wasted power and gasolene. Hundreds of fleet operators have been amazed to find engines operating inefficiently immediately after their "sight and sound" adjustments. Yours may be the same. And it will take the POWER PROVER only 30 seconds to reveal this hidden waste of fuel and money.



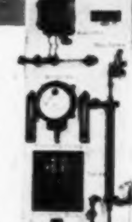
CORRECTING THIS WASTE

is the second step. Cities Service has developed a 23-step tuning and adjusting routine that replaces guesswork with scientific accuracy. Many of the tuning and precision instruments used are exclusive, patented Cities Service inventions. Unnecessary waste of gasolene is eliminated, power increased, overhauls are needed less frequently, danger from carbon monoxide is greatly reduced. This tuning routine frequently increases engine efficiency from 50% to 85%. Your own mechanics can apply the 23-step procedure.

THE CITIES SERVICE BIG THREE

NEW KOOLMOTOR
The famous high-test, anti-knock green gasolene, for which hundreds of thousands have gladly paid 2 cents premium...now yours at no premium.

CITIES SERVICE ETHYL
The new champion of Ethyl gasolenes . . . fast, tremendously powerful...a super anti-knock gasolene. Backed 100% by the Cities Service name and reputation.



CITIES SERVICE POWER PROVER
This exclusive Cities Service invention that instantly detects unnecessarily wasted fuel and power. Combined with the 23-step Cities Service tuning routine, using exclusive patented precision tools, it stops this waste.

RADIO CONCERTS—*Fridays at 8:00 p.m., E. S. T., over WEAF and thirty-three N. B. C. stations*

CITIES SERVICE POWER PROVER

have cut gasolene costs

30%

...and lowered operating and maintenance expense by having their trucks and buses POWER PROVED

GASOLENE MILEAGE SUBSTANTIALLY INCREASED

Your drivers notice the difference at once. Routes that used to consume 25 gallons of gasolene may make it on 20 gallons. Operators of fleets, large and small, report savings of from 10% to 33⅓% on gasolene and oil after POWER PROVER Service was made an established part of the maintenance routine. Scientifically adjusted motors do not waste gasolene and are more powerful under heavy loads on the hills and the straightaways. And your drivers have greater protection against deadly carbon monoxide fumes.

SAVINGS SHOW ON PROFIT SHEETS

The many savings POWER PROVER Service makes possible show up definitely on monthly profit sheets. Executives see gasolene and oil costs grow smaller... maintenance expense decrease... replacement charges dwindle... less spoilage of perishable foods from exhaust gases during delivery. And these savings are available to you through POWER PROVER Service at approximately only one cent per day per vehicle! It will pay you to investigate at once this proved way of making operations more profitable by lowering fuel and maintenance costs.

SEND FOR THIS FREE POWER PROVER INFORMATION

Start saving money on your fleet today by writing for additional information on how more than 4000 fleet operators in various industries have cut oil and gasolene costs and reduced operating and maintenance costs through POWER PROVER Service. Mail the coupon today.

CITIES SERVICE POWER PROVER
Room 722, 60 Wall Street, New York, N. Y.
Gentlemen:

I am interested in receiving further information on how, at trifling cost, I can cut my gasolene and oil bills as much as 30% and lower my operating and maintenance costs. Without obligation on my part, please send me this information.

Name ________________

Address ________________

NIRA SCOREBOARD

Based on official texts of approved industry codes published up to April 6, 1934

(Continued from *Business Week*, April 7, 1934)

340. Motorcycle Manufacturing Industry

By Motorcycle Manufacturers Association. Code effective Mar. 27, 1934. *Maximum Hours:* 40 a week; specified exceptions. *Minimum Wages:* 40c. an hour. Office workers, $15 a week. Women get equal pay for equal work. Provides for equitable adjustment of wage rates and maintenance of existing differentials. Prohibits wage rate reductions and reclassification. *Other Important Provisions:* Clause against partnership interpretation. Lists among unfair trade practices misleading advertising, false invoices, rebates, bribery, etc.

341. Fibre and Metal Work Clothing Button Manufacturing Industry

By American Fibre and Metal Work Clothing Button Manufacturers Bureau. Code effective Mar. 27, 1934. *Maximum Hours:* 40 a week. Specified exceptions. *Minimum Wages:* Women, $13 a week; men, $16 a week. Office workers, $14-$15 a week. Women get equal pay for equal work. Equitable adjustment of all pay schedules. Prohibits reduction of rates and reclassification. *Other Important Provisions:* Clause prohibiting homework stayed by NRA pending further hearing. Code Authority to investigate imported competitive articles and effect on Code. Provides for administrative coordination with other industries, and for a General Button Manufacturers Coordinating Council. Provides for a uniform cost accounting system, and prohibits sales below cost. If destructive price-cutting prevails, Code Authority to determine lowest reasonable cost of products involved and thereafter no member may sell at less. Provides for the open price plan with the 5-day time-lag stayed by NRA pending further orders. Lists among unfair trade practices price protection, false invoices, inaccurate advertising, consignments except as approved by Code Authority.

342. Sanitary and Waterproof Specialties Manufacturing Industry

By Sanitary and Waterproof Specialties Manufacturing Association. Code effective Mar. 26, 1934. *Maximum Hours:* 40 a week, with specified exceptions. *Minimum Wages:* 35c. an hour. Prohibits reduction below June 1, 1933 rates and reclassification. Women get equal pay for equal work. *Other Important Provisions:* Code Authority to employ confidential agency for collecting reports, etc. Provides for uniform accounting and cost-finding system, and for special NRA insignia. Contains extensive trade practice rules, including classification of customers, filing of prices, standard terms of sale, etc. Demonstrators and missionary salesmen to be discontinued after June 30, 1934.

343. Clay Machinery Industry

By Clay Machinery Manufacturers Association. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week; specified exceptions. *Minimum Wages:* 40c. an hour. Office workers, $15 a week. Provides for equitable adjustment of all wage rates. Prohibits wage rate reductions and reclassification. Women get equal pay for equal work. *Other Important Provisions:* Code Authority to coordinate administration with that of related industries. Clause against partnership interpretation. Provides for the open price plan, without time-lag. Code authority to establish uniform accounting and cost-finding system. Members must file schedules of trade-in allowances. Among unfair trade practices prohibited are bribery, rebates, etc.

344. Metal Lath Manufacturing Industry

By Metal Lath Manufacturers Association. Code effective Mar. 26, 1934. *Maximum Hours:* Mar. 1-Nov. 1, 40 hours a week; balance of year, 32 hours a week; specified exceptions. *Minimum Wages:* 40c. an hour. Office workers, $14-$15 a week. Equitable adjustment of all pay schedules. Women get equal pay for equal work. Prohibits wage rate reductions and reclassification. *Other Important Provisions:* Code Authority to prepare uniform accounting and cost-finding system. Sales below cost barred. Provides for filing of prices, and prohibits violations of published price schedules. Code Authority to collect industry statistics through independent agency, and to prepare a merchandising plan. Lists among unfair trade practices bribery, rebates, price discrimination, lump sum bids, consignments excepting as approved by Code Authority, etc.

345. Collapsible Tube Industry

By Collapsible Tube Manufacturers' Association. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week; specified exceptions. *Minimum Wages:* In processing: men, 40c. an hour; women, 35c. an hour. Other employees, including commission salespeople, $15 a week. Equitable adjustment of all wage schedules. Prohibits reduction of hourly rates and reclassification. *Other Important Provisions:* Code Authority to collect industry statistics through impartial agency. Anticipates establishment of standard classification, dimensions, quality specifications, etc. Provides for trade practice committee to coordinate administration with related industries. Lists among unfair trade practices secret allowances, misleading advertising, selling below cost, etc. Code Authority to prepare uniform accounting and cost-finding system.

346. Bowling and Billiard Operating Trade

By Bowling Proprietors Association of America and the National Billiard Association of America. Code effective Mar. 19, 1934. *Maximum Hours:* 40 a week; specified exceptions. *Minimum Wages:* $11-$15 a week for specified operators. Special schedules for pin-setters. Part-time employees, 40c. an hour. Other employees, $12-$20 a week. Tips or gratuities not included in wages. Reclassification prohibited. *Other Important Provisions:* Provides for Joint Advisory Board and Local Administrative Boards to be appointed by Code Authority.

347. Machinery and Allied Products Industry

By Machinery and Allied Products Institute, consisting of 39 separately-defined subdivisions as follows: air filter, bakery equipment manufacturing, beater and jordan and allied equipment, caster and floor truck manufacturing, cereal machinery, concrete mixer, contractors' pump, conveyor and material preparation equipment manufacturing, diamond core drill manufacturing, Diesel engine manufacturing, envelope machine manufacturing, hair clipper manufacturing, hoist builders, hoisting engine manufacturing, hydraulic machinery, jack manufacturing; kiln, cooler, and dryer manufacturing; locomotive manufacturing, mechanical lubricator, oil field pumping engine manufacturing, power transmission, pulverizing machinery and equipment, railway and industrial spring manufacturing, railway appliance manufacturing, reduction machinery, refrigerating machinery, rock and ore crusher, roller and silent chain, rolling mill machinery and equipment, sawmill machinery, small locomotive, sprocket chain, steam engine manufacturing, steel tire manufacturing, water meter manufacturing, waterpower equipment, water softener and filter, wire machinery, woodworking machinery. Code effective Mar. 28, 1934. *Maximum Hours:* 40 a week; specified exceptions. *Minimum Wages:* In cities of over 50,000, 40c. an hour; in cities of 10,000-50,000, 38c. an hour; 10,000 or less, 36c. an hour. Women, 87½% of minimum, but equal pay for equal work. In 12 Southern states, minimum rate for all employees in plant operations, 32c. an hour. Employees not engaged in plant operations, $15 per week everywhere. Apprentices, at least 30% of rate paid skilled mechanic and starting rate not less than 24c. an hour. All rates above minimum to be equitably adjusted. Reduction of hourly rates and reclassification prohibited. *Other Important Provisions:* Provides for a Basic Code Authority and separate Code Authorities for each Subdivision. Code Authorities elected by concurrent votes, with one vote for each employer and weighted votes, one for each $100,000 of average sales for 2 preceding calendar years. Members must file with independent agency statistics of plant capacity, volume of production, volume of sales in units and dollars, orders received, unfilled orders, stocks on hand, inventories, wage rates, employees' earnings, etc.

348. Burlesque Theatrical Industry

By National Burlesque Association of America. Code effective Apr. 2, 1934. *Maximum Hours:* Office workers, 40 a week. *Minimum Wages:* $15 a week. Special rules on hours and minimum wages covering performers, treasurers, company managers, press agents, musicians, etc. *Other Important Provisions:* Creates a Code Authority. Prohibits cutting published admission prices, rebates, lotteries, prizes, scrip books, coupons, etc.

349. Mayonnaise Industry

By Mayonnaise Institute, Inc. Code effective Mar. 31, 1934. *Maximum Hours:* 40 a week; specified exceptions. Routes for service salesmen to consume maximum of approximately 9 hours a day. *Minimum Wages:* Women, 32½c. an hour; men, 40c. an hour; in 13 Southern states, 5c. an hour less. Office workers, $14-$16 a week. Specifies method of wage adjustment for other than minimum rates. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Code Authority to have 7 members, 4 to be elected by members with annual sales of less than $3 millions each, 3 by those having annual sales of over $3 millions. Method of selection specified. C.A. to prepare accounting and cost-finding system; given right to examine books and records through disinterested certified public accountant when reports appear to warrant an investigation. Anticipates geographical divisions for the industry, with divisional committees administering the code. Demands compliance with industry standards as specified in code. Contains extensive provisions on marketing, distribution, prices, discounts, and trade practices. Provides for the open-price plan. The 5-day time-lag provision stayed by NRA pending further notice.

350. Talc and Soapstone Industry

By National Association of Talc and Soapstone Producers. Code effective Mar. 31, 1934. *Maximum Hours:* 40 a week, specified exceptions and tolerances. *Minimum Wages:* North—for "underground" work, 40c. an hour; "above ground," 35c. an hour; South—10c. an hour less. Women 80% of "above ground" minima, but equal pay for equal work. Office workers, $15 a week. All wages above minima to be adjusted within 60 days, with differentials as of date of code approval to be maintained. No rates must be reduced. Reclassification prohibited. No compulsory trading at company or specified stores. No compulsory renting of company homes excepting for maintenance or supervisory employees. *Other Important Provisions:* Code Authority to prepare accounting and cost-finding system, to collect through confidential agency statistical information. C.A. to recommend provisions "concerning control of production through voluntary agreement." Provides for the open-price system with prices effective upon filing. Lists among unfair trade practices failure to file price schedules, violation of announced prices, selling below cost, rebates, false invoices, misleading advertising, bribery, etc. Contains clause against partnership interpretation.

351. Quicksilver Industry

By National Quicksilver Producers Association. Code effective Mar. 31, 1934. *Maximum Hours:* 40 a week; specified exceptions and tolerances. *Minimum Wages:* In Southern district as defined, 30c. an hour; elsewhere, 42½c. an hour. Office workers, $15 a week. Commissary employees, excluding cooks, $12 a week. Equitable adjustment of all wage schedules. Women get equal pay for equal work. Reduction of hourly rates and reclassification prohibited. Excepting as specified, no compulsory occupancy of company houses. No compulsory trading at company stores. *Other Important Provisions:* Provides for filing of price schedules, effective at once. Code Authority to provide for coordination of administration with other codes of related industries. Clause against partnership interpretation. Lists among unfair trade practices rebates, special services, false invoices, deceptive advertising, bribery, etc. Consignments permitted only with approval of Code Authority.

352. Flag Manufacturing Industry

By National Association of Flag Manufacturers. Code effective Apr. 5, 1934. *Maximum Hours:* 40 a week, with tolerance of 80 extra hours a year at 1 1/3 normal wage rate. Specified exceptions. *Minimum Wages:* $13 a week. No reductions below July 1, 1933 wage levels. Where necessary Code Authority to recommend wage adjustments to eliminate inequitable differentials. Reclassification prohibited. *Other Important Provisions:* Code Authority to prepare standard cost-finding methods and to promote coordination of code administration with related industries. Code Authority to establish standards of grade, quality, size, etc., to be observed by all members. Prohibits deceptive advertising, bribery, rebates, prizes, etc. If destructive price-cutting prevails, Code Authority to determine lowest reasonable cost of products involved and thereafter no member may sell at less. Consignments prohibited excepting with approval of Code Authority. Code provisions covering homework stayed by NRA pending further hearing.

353. Insulation Board Industry

By Insulation Board Institute. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week, with tolerance of 12 weeks a year at 48 hours. Extra

hours at 1½ times normal rate. Specified exceptions. *Minimum Wages:* 32½c. an hour in 9 Southern states; 40c. an hour elsewhere. Office workers, $14-$15 a week. Equitable adjustment of all wage rates. Women get equal pay for equal work. Reduction of wage rates and reclassification prohibited. *Other Important Provisions:* Code Authority to prepare uniform accounting and cost-finding system. Sales below cost barred. Provides for filing of price-lists. Code Authority authorized to seek approval of Administrator of time-lag provision at some future date. Permits Code Authority to gather through independent agency reports on capacity, production, orders, shipments, employment, wages, costs, etc. Each member of industry to be represented on Code Authority. Code contains extensive provisions for operation of Code Authority. Extensive trade practice regulations are contained in Exhibit A of the approved code. Consignments allowed only with approval of Code Authority. Provisions on wages and labor applying to Hawaii stayed by NRA pending further notice.

354. Small Arms and Ammunition Manufacturing Industry

By members of the industry. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week, with certain specified exceptions and tolerances. *Minimum Wages:* Men, 40c. an hour; women, 32½c. an hour. Office workers, $14-$15 a week. Equitable adjustment of all pay schedules. Women get equal pay for equal work. Reclassification prohibited. Existing labor agreements recognized excepting where code prescribes higher wages and shorter hours than provided. *Other Important Provisions:* Specifies method of electing Code Authority, with majority vote in numbers and value of sales for the preceding year necessary to decide actions. Provides for filing of price lists, to be available for inspection by public, and procedure in connection with prices carefully prescribed. Lists among unfair methods of competition violation of published price schedules, bribery, false advertising, false invoices, guarantees against price declines, rebates, consignments and other practices peculiar to the trade. Covers handling of complaints and violations, with penalties up to $500 for each violation permitted. Limits sale of machine or sub-machine guns to the U. S. government, any state or other political subdivision, with certain specified exceptions. Code provisions on maximum hours to be suspended during any emergency.

355. Rug Chemical Processing Trade

By Rug Chemical Processing Association. Code effective Mar. 26, 1934. *Maximum Hours:* Productive employees, 40 a week; maintenance employees, 48 a week. Specified exceptions and tolerances. *Minimum Wages:* 30c. an hour. Office workers, $14-$15 a week. Adjustment of all wage rates to preserve equitable differentials. No reductions below June 16, 1933, rates. Reclassification prohibited. *Other Important Provisions:* Code Authority to prepare accounting and cost-finding system, uniform invoice and receipt forms, and estimating procedure. Provides for the open-price plan, with prices becoming effective immediately, and prohibits violation of published list prices. Contains clause against partnership interpretation. Among the unfair trade practices prohibited are bribery, rebates, short measure, giving service below cost, etc.

356. Fuller's Earth Producing and Marketing Industry

By members of the industry. Code effective Mar. 30, 1934. *Maximum Hours:* 40 a week averaged over 6-month periods. Certain specified exceptions. *Minimum Wages:* In 5 Southern states, 24c. an hour; in 7 Southern states, 30c. an hour; elsewhere, 35c. an hour. Differentials as of July 15, 1933, to be maintained. Office workers, $14-$15 a week. Reduction of hourly rates and reclassification prohibited. No compulsory occupancy of company houses excepting for maintenance or supervisory employees. No compulsory trading at company or specified stores. *Other Important Provisions:* Contains clause against partnership interpretation. Provides for the open-price plan. (The 5-day time-lag has been suspended by NRA pending further notice.) Lists among unfair trade practices selling below cost as determined by approved cost accounting system, rebates, bribery, certain specified extra allowances, special terms, etc.

357. Industrial Furnace Manufacturing Industry

By Industrial Furnace Manufacturers Association. Code effective Apr. 3, 1934. *Maximum Hours:* 40 a week, with certain specified exceptions and tolerances. *Minimum Wages:* In 11 Southern states, 35c. an hour; elsewhere, 40c. an hour. Office workers, $15 a week. Equitable adjustment of all pay schedules. Women get equal pay for equal work. Reduction of hourly or piece rates and reclassification prohibited. *Other Important Provisions:* Code Authority to adopt approved method of accounting, to prescribe uniform proposal forms, etc. Among unfair trade practices prohibited are misleading advertising, bribery, selling below cost, and practices peculiar to the industry.

358. Cylinder Mould and Dandy Roll Industry

By Association of Cylinder Mould and/or Dandy Roll Makers, Repairers, and Recoverers. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week, with certain specified exceptions and tolerances. *Minimum Wages:* 40c. an hour. Office workers, $15 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage schedules. Prohibits reduction of hourly or piece rates and reclassification. *Other Important Provisions:* Code Authority to collect monthly reports on employment, wages; to establish contact with related industries, etc. Provides for the open price plan, with prices effective immediately upon filing, and violation of established schedules prohibited. Among unfair trade practices prohibited are misleading advertising, bribery, rebates, prizes, premiums, selling below cost as determined by approved cost accounting system, guarantees against price changes.

359. Preformed Plastic Products Industry

By members of the industry. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week, with specified exceptions and tolerances. *Minimum Wages:* 40c. an hour. Office workers, $14-$15 a week. Equitable adjustment of all wage rates. Women get equal pay for equal work. Reduction of wage rates and reclassification prohibited. *Other Important Provisions:* Code Authority to collect certain periodical reports, to prepare for classification and standards of quality for products of the industry, to cooperate with related industries, to set up machinery for investigating complaints and violations. Provides for the open-price plan. (The 10-day time-lag provision suspended by NRA pending further notice.) Special rules to be established for price protection on closed contracts or outstanding quotations. Provides for filing of trade classifications and listing of distributors and customers according to members' own classification. Among unfair trade practices prohibited are misleading advertising, bribery, prizes, premiums, violation of established price schedules, rebates, etc. C.A. to prepare uniform accounting and cost-finding system. Sales below cost prohibited. If destructive price-cutting prevails, C.A. to determine lowest reasonable cost of products involved and thereafter no member may sell at less.

360. Brush Manufacturing Industry

By American Brush Manufacturers Association. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week averaged over 3-month period. Certain specified exceptions. *Minimum Wages:* 32½c. an hour. Women get equal pay for equal work. Provides for equitable adjustment of all pay schedules. Prohibits reclassification. Prohibits homework excepting with permission of Administrator. *Other Important Provisions:* Divides industry into 7 separate divisions. Any division may adopt uniform cost-finding system or the open-price system, the latter with prices becoming effective upon filing. Sales at below cost or contrary to filed prices prohibited. Among the unfair trade practices prohibited are inaccurate advertising, rebates, false invoices, etc. Consignments prohibited excepting under clearly-specified conditions. Advertising allowances and similar concessions prohibited unless "extended to all purchasers of the same class under like terms and conditions."

361. Perfume, Cosmetic and Other Toilet Preparations Industry

By members of the industry. Code effective Apr. 2, 1934. *Maximum Hours:* 40 a week, with certain specified tolerances and exceptions. *Minimum Wages:* In 11 Southern states, 32½c. an hour; elsewhere, 35c. an hour. Equitable adjustment of all wage rates. Women get equal pay for equal work. Prohibits reduction of weekly compensation paid as of June 16, 1933. Prohibits reclassification. *Other Important Provisions:* Prohibits homework. Code Authority to prescribe uniform account and reporting system, collect periodical reports, cooperate with Drug Industry Coordinating Council, etc. Provides for selling on the basis of open prices, for declaration of basis for granting discounts. Concessions allowed only where justified on a functional basis. Prohibits bribery, special credits, full or partial payment of demonstrators' salaries unless they are openly identified to the public, numerous other practices peculiar to the industry. Contains special rules for cooperative advertising.

362. Photographic and Photo Finishing Industry

By Photographers' Association of America and the Master Photo Finishers of America. Code effective Apr. 2, 1934. *Maximum Hours:* Cameramen or drivers, 48 hours a week. Watchmen and proprietors, 52 hours a week. Others, 40 a week. Certain specified tolerances. *Minimum Wages:* $14-$15 a week, according to size of city. Messengers or apprentices, $12 a week. Women get equal pay for equal work. Prescribes method of adjustment of all wage schedules. Employer must pay all expenses of employees while traveling. Prohibits reclassification. *Other Important Provisions:* Divides industry into 3 divisions: portrait photography, commercial photography, photo finishing. Establishes 30 geographical regions for proper administration of code. Code Authority to prescribe uniform system of accounting, costing and reporting. Among unfair trade practices prohibited are false invoices, deceptive advertising, bribery, offers of "free" goods or services of any kind, etc. Special fair practice provisions for the portrait photography division covering the use of coupons and various other activities. Provides for the open-price plan. (The 10-day time-lag suspended by NRA pending further notice.) C.A. to prepare accounting and cost system for use by all members; to prepare and compile classification of industry products and services not covered by regular price schedules. If destructive price-cutting prevails, C.A. to determine lowest reasonable cost of products involved and thereafter no member may sell at less. Schedule C of the code provides basic discounts for various volume purchasers.

363. Official text not released up to Apr. 6, 1934.

364. Clay Drain Tile Manufacturing Industry

By code committee of the industry. Code effective Apr. 3, 1934. *Maximum Hours:* 40 a week, with certain specified exceptions and tolerances. *Minimum Wages:* In 7 Southern states, 24c. an hour; in Tennessee, 25c. an hour; in North Carolina, 27c. an hour; in 5 Southern states and all but 4 counties of Virginia, 30c. an hour; elsewhere, 35c. an hour. Office workers, $14-$16 a week. All wage rates to be adjusted. Equitable differentials to be maintained. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Establishes 6 geographical regions, each to have its own regional committee for administration of the code. Code administration to be coordinated with that of other related industries. Code Authority to prepare accounting and cost-finding system. Sales at below cost barred. Permits the open-price plan. (The 5-day time-lag provision suspended by NRA pending further notice.) Present kiln capacity to be registered. New production capacity or conversion of other production equipment to produce products of the industry must be reported to Code Authority. Modernization or replacement of existing capacity specifically excepted. Among unfair trade practices prohibited are misleading advertising, bribery, rebates, prizes, premiums, etc.

365. Sand-Lime Brick Industry

By code committee of the industry. Code effective Apr. 5, 1934. *Maximum Hours:* 40 a week, with specified exceptions and tolerances. *Minimum Wages:* In 7 Southern states, 25c. an hour; in 8 Southern states, 30c. an hour; in specified parts of California (southern), 35c. an hour; elsewhere, 40c. an hour. Equitable adjustment of all wage rates. Office workers, $13-$15 a week. Prohibits reduction of hourly rates and reclassification. Prohibits compulsion to live in company-owned houses excepting maintenance and supervisory employees. Prohibits compulsory trading at company-owned or specified stores. *Other Important Provisions:* Code Authority to prepare accounting and cost-finding system. Bars sales below cost. Provides for the open-price plan. (Provision for 5-day time-lag suspended by NRA pending further notice.) Prohibits violation of filed prices. Provides for periodical reports on labor, wages, production, shipments, sales, stocks, prices, etc. C.A. to set up standards regarding specifications and sizes of products, etc. Among unfair trade practices prohibited are false invoices, rebates, special allowances, bribery, lump-sum bids, etc. Divides country into 7 geographical regions, each to have its regional committee for administration of the code.

366. Official text not released up to Apr. 6, 1934.

367. Metal Treating Industry

By Metal Treating Institute, Inc. Code effective Apr. 9, 1934. *Maximum Hours:* 40 a week; certain specified tolerances and exceptions. *Minimum Wages:* 42c. an hour. Office workers, $16 a week. Women get equal pay for equal work. Special rules for apprentices. Equitable adjustment of all wage schedules. Prohibits reduction in wage rates and reclassification. *Other Important Provisions:* Code Authority to prepare accounting and cost-finding system, to appoint Divisional Committees for each geographical division, to establish standard discount and credit terms to suit regional conditions. Provides for the open-price system. (Provision for a 10-day time-lag suspended by NRA pending further notice.) Among unfair trade practices prohibited are bribery, deceptive advertising, price discrimination, false invoices, rebates, sub-contracting of work, selling below cost, price guarantees.

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NRA on a War Basis

Significance of Johnson's new "military" setup is that it looks like a model for a broader recovery organization. Code enforcement is first staff problem.

WASHINGTON—General Johnson has followed the general reorganization of NRA announced last week (*BW—Apr 7'34*) with a headquarters reorganization which, at last, promises that much-needed delegation of "authority and responsibility" and gives him a chance to take on some more work—if that is in the cards as part of the Administration's new durable goods program.

The latest reorganization plan is interesting because, in effect, it annexes to the New Deal alphabet some ancient and honorable letter-combinations, none other than our old friends of Chaumont—"GHQ," "G-1," "G-2," etc., on up to "G-8." These relics of war days will not actually appear on the letterheads but the revised NRA setup is definitely along general staff lines.

Setting an Example?

The plan is significant in that Washington guesses that its military decentralization of authority—under a directing head—which Johnson has called "the most efficient type of organization known"—will furnish the model for a later concentration of all recovery plans into one powerful drive.

At the heart of the new NRA setup is what the General calls his "personal" staff: Col. Robert W. Lea, assistant administrator for industry; Edward F. McGrady, assistant administrator for labor; his secretary, "Robbie," more officially known as Miss Frances Robinson, assistant to the administrator; his son, whom all the world calls "Pat." These are directly responsible to him for "GHQ" work, emergency assignments and what-have-you.

Staff Section

Corresponding to the army staff sections—the numbered "G's" that took care of personnel, intelligence, operations, supply, war plans, and the rest for Pershing—are NRA sections whose fields may be described as operations (this "G-1" carrying authority to sign codes), intelligence, personnel, legal problems, economic zones, policy, enforcement, and press. Chief of staff is Col. G. A. Lynch, West Point classmate of the General and advertised by him as "the best brains in the army." Alvin Brown moves over to the post of "review officer"; his job is to read documents and comment on them before they go to others for action.

Special Assistant Administrator W. A. Harriman carries on the job of reorganizing code administration along broad new compliance lines (*BW—Apr7'34*). Other staff members are Donald R. Richberg, general counsel; Leon Henderson, economic adviser; George Buckley, former vice-president of National City Bank, now in charge of publishing codes, who takes coordinate supervision of the press section with William V. Lawson. The roll will be completed with the naming of a new assistant administrator for policy and a new director of enforcement.

Enforcement Move

Before he left for Florida, General Johnson made a long-awaited frontal attack on that code enforcement problem that had begun to take on prohibition-enforcement proportions—largely because the public had begun to wonder if there was going to be any real attack. State compliance directors were told that Apr. 18 would be deadline for sending in "good" cases for court action. Code authorities and local compliance boards were urged to push complaints of noncompliance along to NRA's new litigation section, set up as an auxiliary to the Department of Justice to prepare compliance cases for trial. "Uncertainty as to enforcement by legal proceedings must stop," said the General. "The time to be lenient with a wilful violator has passed." State directors get additional authority to proceed with litigation by handing justified cases to district attorneys, while transmitting full advice to NRA headquarters.

But everything possible is still to be done to settle cases without litigation and a major part of the drama promised by the opening of this new "code enforcement era" will be furnished by its test of the attitude of the business community toward NRA.

Blank & Stoller

TO WASHINGTON — Sidney Weinberg, of Goldman, Sachs, joins the Recovery Administration's Industrial Advisory Board for the summer term.

Codes, Hearings

NRA changes clear way for swifter action on codes. April list of hearings brings Puerto Rican industries to Washington.

REORGANIZATION of NRA brought, this week, a loosening of a number of handbooks, instructions and data for code authorities which had been held up for some weeks pending the decision on this and other matters. A code authority handbook will soon be in the hands of all properly constituted code authorities, and additions to and revisions of Bulletin No. 7, "Instructions to Code Authorities" are now being cleared through headquarters.

Meanwhile, hearings are going forward, the still uncoded hundreds of industries being put through, so far, in old form, but with more and more urgence to later combination with related industries in basic codes. Code hearings next week include:

Next on the List

Apr. 16—compressed air; pump manufacturing; candlewick bedspread; licorice; construction industry in Puerto Rico. Apr. 17—corset and brassiere; retail fine arts; map publishers; complete wire and iron fence; metal jacketed jug manufacturing; towboat industry in Western division of U. S. (northern district, Puget Sound); fur brokers; laundry trade in Puerto Rico. Apr. 18—silk textile industry; handkerchief; telegraph communication; nickel and nickel alloys. Apr. 19—adhesive and ink; hatters' fur cutting industry; retail drug trade in Puerto Rico; wholesale hardware; school supplies and equipment distributing. Apr. 20—natural organic products; motor bus industry; textile processing; alcoholic beverage importing; dress design and model. Apr. 21—fur wholesale and distributing; ice industry in Puerto Rico.

Message Code

Sparks fly when Postal and Western Union meet before NRA.

THE communications industries aired their griefs before NRA with a more complete display of their mutual animosities than has developed since the Postal entered the field in 1883. The whole secret of the debate probably is a desire of Western Union to retain its dominant position pending the inevitable enactment, as part of the Roosevelt program, of a combination of the two telegraph companies under strict government regulation. A code might help Postal meanwhile; might even give it a bigger piece of the merger.

The Western Union wants no code, says it has got along well with its employees, has never had any unpleasantness with the genial Postal.

Postal declared that the American Telephone and Telegraph Co. has been giving a lot of unexpected competition with its teletype, virtually a private telegraph system. It was asked that the code include a provision that such service should go only to branches of the same corporation, not to a chain of noncompetitive industries which did not mind sharing the wire. Another protest was against the RCA, which can make contracts with foreign-owned telegraph companies. The cable companies cannot, under the law. Next hearing April 18.

Codes at Work

Incidents and problems that arise in the codified industries.

THE shoe code fits. After 6 months of operation, boot and shoe manufacturers allow that it has done for labor approximately what was anticipated and that its fair practice provisions are sound and constructive. Even the smaller units say so. Employment at 164,000 is within 27% of the 1929 peak. Pay is up 38%, hours down 12%. Selling below cost is fading out.

Increased business has helped manufacturers to carry the load. January's shoe production was 5 million pairs higher than December's and nearly $2\frac{1}{2}$ millions above the January, 1933, total. February, March and April deliveries and bookings are reported up 4%.

Home builders are exempted from observing all except the labor provisions of the Construction Code (*#244:BW—Feb24'34*), pending approval of a separate code. Real estate interests say this brings desperately needed relief at a time when they thought that construction of new homes, opening of subdivisions, and certain types of speculative

building had been hit in the solar plexus by the construction code.

Blacklists are coming into vogue once more and may find a permanent place among the weapons used by code-enforcement agencies. The Code Authority for the rayon and silk dyeing and printing industry published a list of 95 concerns that are "not in good standing with the Code Authority" because they did not pay their January and February, 1934, assessments. Major General William N. Haskell, director of the CA, explained that "publicity is only the first step. Those who continue in bad standing will face legal action later."

Independent retail druggists are jubilant over the order which tightens the loss-limitation provisions of their code (*#55:BW—Nov11'33*). Chain stores no longer will be allowed to sell any drugs, medicines, cosmetics, etc. below manufacturer's wholesale list price per dozen. Assuming that few retailers buy such merchandise in less than one-dozen lots, this means that the chains must not sell at less than what the article costs the independent. The Drug Institute of America has issued a special bulletin, supplying approved interpretations of the order so that backsliders will have no valid excuse for "misunderstanding" the rules.

For an example of applied self-government in industry see the report on January and February, 1934, activities of the arbitration bureau of the Federated Textile Industries, Inc. In the 2 months 57 cases were disposed of, 39 hearings held and arbitration awards made in 27 cases involving $130,777.73. Settlements without formal arbitration were effected in 30 cases involving $24,790. Causes of dispute included NRA code charges, defects, cancellations.

A 10% minimum mark-up for the retail trade has been approved at last, 6 months after the retail code (*#55:BW—Nov11'33*) went into effect. The independent retailers asked for 10% originally. NRA officials were inclined to approve the idea. Department and chain stores squealed so loud that approval was delayed.

Independents don't care whether the 10% mark-up is labelled "for store labor" or for anything else so long as the practice of selling at or below cost is stopped. Opposing interests have had time to adjust their general price levels so that compulsory elimination of loss-leader selling will not hurt as much as it might have if imposed suddenly. The public should benefit by a somewhat lower average mark-up on all goods, since there will be no need of extra high mark-ups on some lines, to compensate for the losses sustained on loss-leaders.

Delivery Specialists

With rising retail costs stimulating economy experiments, United Parcel Service, started in a Seattle basement, finds new opportunities to sell the consolidated delivery idea.

LABOR and merchandise costs, raised by natural desire or government insistence, encounter the downward pressure of customers demanding low prices. Pinched between, retailers search eagerly for points where expenses can be reduced. Out of every $1 sale, the average large store pays from 1¢ to 1½¢ for deliveries. Merchants are displaying greater interest in consolidated deliveries, which reduce costs through a pooling of equipment and employees.

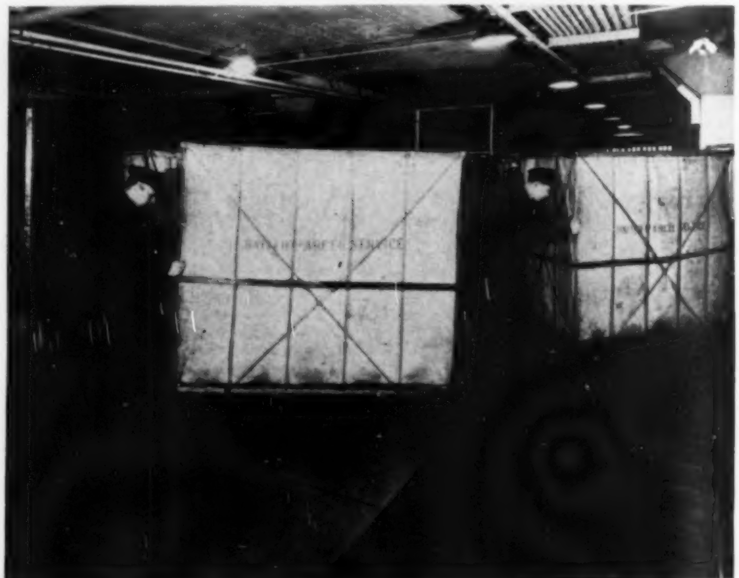
Recently 5 out of 6 large Cincinnati department stores invited the United Parcel Service to take over their deliveries. United also has assumed this service for Bloomingdale's, large New York department store. With the acquisition United numbers 250 clients in New York City.

United applies nationally a cooperative idea that has been tried by local outfits in many cities. The company captured the Pacific Coast before moving on the East. It now serves 13 cities. It delivers 95% of the retail parcels in its native Seattle, 90% in Los Angeles, and performs that service 100% for department and specialty stores in Oakland, Calif., San Diego, Long Beach, Pasadena. In San Francisco and Portland it has the big department stores. Local organizations have inaugurated consolidated delivery in Cleveland, Detroit, Boston, Denver, Omaha, New Orleans (*BW—Nov11'31*). Toledo is now studying the subject.

Advantages of the plan are so obvious that one wonders why it ever fails. It applies the principle of mail collection and distribution. Ordinarily Mrs. Consumer, shopping from one store to another, buys a package of soap of Jones & Co., a pair of panties of Smith & Brown, 6 pairs of stockings of Levy Bros. Thereafter 3 wagons must trek out to Mrs. Consumer's residence, ring the bell 3 times to deliver her 3 small purchases. By consolidation, trucks pick up packages at many stores, sort them at a central station, deliver to the customer, at a single call.

An Engineering Job

United Parcel Service boasts that it can save the large store over 10%, can save the specialty store with a de luxe service 50%, and do a better job than either. Before taking a contract it puts its engineers in a store to observe the number, size, direction of packages. A fee is then charged on the basis of a unit parcel. One powerful selling argument



Business Week

SCIENTIFIC DELIVERY—The job of delivering the packages of metropolitan stores is handled systematically by United Parcel Service. Shown are hampers filled with packages being rolled directly off the company's trucks and onto a moving platform, which takes them to the proper concentration bin for delivery.

is that it buys out the store's delivery equipment and keeps as much of its personnel as possible. In the case of Bloomingdale's, United accepted a fleet of trucks and 120 men. In Cincinnati it bought the equipment of the 5 stores at book value and made places for workers.

Bicycles First Used

The organization began as the American Messenger Co. in 1907. Be not deceived by the high-sounding name. The office was a basement under a Seattle sidewalk, the company was a small band of boys with bicycles. Original clients were a few retailers who wanted to see the youngsters get along. James E. Casey, president of United, was one of the sub-sidewalk band. A brother, George W. Casey, Evert McCabe (now dead), Charles W. Soderstrom joined later to become vice-presidents of the present company. The first automobile was bought in 1913. Five years later the company made a long step forward by taking over deliveries of 3 Seattle department stores. Knowledge gained here was used effectively when other Coast cities were invaded.

Headquarters of the company are now New York. The Seattlers moved into the metropolis in 1930 with aquisition of the Eleto Co. (*BW—Jan28'31*). This was a delivery service operated by Lord & Taylor and McCreery's. Growth of business and improvement of method has been steady. The New York operation is the largest and most intricate.

Customers of stores served are given a morning delivery and an afternoon delivery on the day following the purchase. Territory served is a 50-mile radius around the city. Trucks make the round of small shops collecting parcels which are consolidated in the Manhattan central station. To this station come also packages from the big stores, but for these volume makes possible a different technique. Employees of United Parcel in the larger stores sort parcels into "hampers." These are large canvas-covered, steel-frame collectors on rollers, which are destined for distant substations, thereby obviating rehandling of parcels at the central station.

Handling the Big Stores

Bulk packages and the department store hampers travel on a moving platform (recently designed by United engineers) to the outbound trucks where they meet other hampers in which packages from smaller shops have been consolidated. Large "line haul" trucks carry the hampers to different substations. Here all parcels are re-sorted and loaded into smaller trucks which make final delivery. These travel regular routes, most of them less than 30 miles. Men are uniformed, inspected daily, carefully coached in building good will for the stores. They always mention the retailer of origin, never United, in handing over a parcel.

WHAT ARE WE, ANYWAY?

Advertising men tell us that what this paper needs is a good, easy-to-read label. It seems there is a tradition in the business that space is bought by pigeonhole. They say the trouble with Business Week is that it doesn't fit the standard pigeonholes.

To this indictment, we plead guilty. Business Week, we must confess, was not designed to fit any advertising pigeonhole, but to do a definite editorial job. That it likewise does an equally definite advertising job is not an accident, but the direct descendant of the publishing idea.

The difficulty seems to come in describing this different publishing idea with old-fashioned

labels. In our time, we have been called almost everything, including some harsh names, but nothing seems to fit.

Are We a Business Paper?

We are for and about business, but we are concerned, also, with the external forces which affect business. We do not deal with any one business, but with all business; we don't conform to the accepted definition of business papers, but there is no better way to sell across the top of the whole business market than in Business Week.

Maybe a Magazine?

Externally, we look like a magazine, even to the Camel advertisement on the back cover. But Business Week really has little in common, in content or method, with any magazine ever published. However, a lot of advertisers (there are more every day) insist on putting Business Week on their magazine schedules—which is all right by us.

A Class Magazine?

Presumably this means a magazine, which, by price and content, aims at the higher income brackets and asks a correspondingly higher rate because of a limited circulation. Business Week limits circulation by editorial content. But we do more than that, we control circulation in the circulation department. We ask only those who are important enough to subscribe. We return cash money, every day, because we know that only active executives will be able to use the special service we offer. Others would simply be wasting their money (and the advertiser's) because they wouldn't stay subscribers long.

Perhaps a Trade Paper?

In a sense, yes; the trade paper of the best paid, and hardest trade in the world; the service paper of the most important men in the most important businesses, the men who make the decisions, who must watch the broad movement yet note the immediate developments.

A Newspaper, Then?

This perhaps comes closest to it. Business Week is run like a newspaper, with reporters who know their stuff and editors who know what to do with it, with correspondents and news-tickers and high-speed printing and a lot of telephoning and cabling. But newspapers, by nature, are general and varied, while Business Week, of necessity, is terse and selective, isn't aiming at "something for everybody," but at news and its meaning for the Somebodies.

Ah, a Newsweekly!

We used to think so, five years ago, but the word seems hardly adequate, now, we do so much more than repeat what has happened. Of course, we read the newspapers—so do the newspapers—but we do no scissor editing. Everything in Business Week is original, it has to be because of the special editorial treatment which makes this a useful rather than merely informative or entertaining paper.

Well, then, What?

Frankly, we don't know, but we aren't worrying about our inability to take any of the conventional rubber stamps. In fact, we think pigeonhole space-buying went out of style with the high, wide, and handsome era; we think advertisers will continue to spend appropriations with the canniness acquired in the lean years; and we welcome the day when advertising space is bought, not for what it is, but for what it does. So we say, it isn't what we are, it's what we do.

BUSINESS WEEK

Wheat Headache

Wheat conference struggles to reduce quotas, increase consumption. Our own wheat situation shows some improvement, but the weather augurs a big 1934 crop. Higher domestic prices cripple exports.

EITHER the country has gone stale on international conferences or else not much is expected from the International Wheat Advisory Commission now conferring in Rome. There have been no price responses either in the United States or abroad and the press has shown only a desultory interest in the proceedings. A similar conference met in London last fall and agreed to bring relief to the surplus-producing countries by establishing export quotas for Argentina, Australia, Canada, the Danubian countries, and the United States. The quotas were to run for 2 years and have been in effect since the conference. Thus far, the countries have kept to their quotas with reasonable fidelity with the exception of Argentina where a large crop is encouraging an export volume which, if continued, will cause that country to exceed its quota. Australia with a smaller crop is within quota, but is dissatisfied; Canada is below quota, but will have a large carryover, because she has taken no steps to reduce production; the United States has been exporting only on a basis of swaps and is automatically excluded from world markets because of domestic prices higher than world prices.

Carryover Still Ominous

The present conference is convened because reasonable adherence of the surplus-producing countries to their quotas has not improved world prices and the world carryover is today in as bad shape as ever. The deficit countries are not absorbing even the restricted export quotas of the surplus-producing countries. The World Wheat Advisory Committee estimates the world wheat carryover on Aug. 1, 1934 at 1.1 billion bushels, the same as last year, though it sounds an optimistic note for the 1934-35 agricultural year. The reduction in stocks of the surplus-producing countries is offset by an increase in stocks in the principal European importing countries.

Hence the conference is struggling with the difficult problems of further reducing export quotas of surplus countries and attempting to increase consumption in the deficit countries. In the latter case, there has been lip service from France and Germany, the two countries where the cost of living has been rising because of nationalistic agricultural policies. Argentina has been pleading for a more generous quota than her allotted 110 millions on two grounds: (1) that she signed the London Agreement when her crop was poor; and (2) that since then she has developed a surplus of 45 million bushels. The United States is making the most substantial contribution to a balanced world wheat supply by accepting stringently restricted export quotas. Canada, Australia, and Argentina, with populations of less than one-third of the United States, supply 85% of the world's import requirements.

Our Own Improvement

The domestic statistical position of wheat has been improved by 2 factors: (1) an act of God, whereby the weather reduced the 1933 crop; and (2) the acreage reduction plans now under way. The 1933 crop totaled 527 million bushels to which should be added last year's 360-million bushel carryover, making a total available supply of 887 million bushels. It was estimated last fall that normal domestic consumption at 625 million bushels and exports of some 47 million bushels by swaps, would leave a carryover of 215 million bushels, against a normal carryover of about 120 million bushels, or only 95 million bushels above the normal.

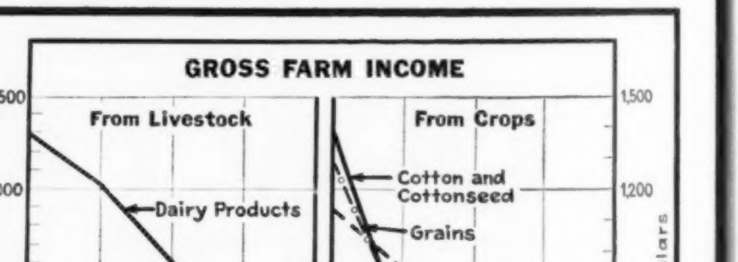
But the outlook is not quite so cheerful now. Domestic consumption and exports have not come up to expectation. The carryover is now estimated at about 250 million bushels or 130 million bushels above normal.

For 1934, there has been a 6% reduction in the winter wheat acreage and 11% cut in the spring wheat acreage. Probable acreage for harvest in the United States is 35.5 million acres of winter wheat, and 18.6 million acres of spring wheat, a total of about 4.2 million acres above the 49.9 millions to which the United States undertook to restrict its 1934 harvest. Additional reductions may be secured by reopening the wheat contracts of farmers who have not signed up, and through a vigorous checkup on the performance of contract signers.

Some Crop Guesses

Official estimates now place the 1934 combined winter and spring wheat crop at about 729 million bushels, unless further acreage cuts materialize, against 527 million bushels last year, while the 1932 crop totaled 744 million bushels. Recent reports of weather conditions have materially increased prospects for the larger crop.

The farm price of wheat during February is estimated at 73¢ compared with 69.4¢ a month earlier, and 32.3¢ in February 1933. May wheat in Chicago is selling at around 86¢. Ordinarily, the Chicago price has been from 10¢ to 20¢ a bushel lower than Liverpool, but, since last July, Chicago prices have been about 20¢ higher than Liverpool. This differential is the consequence of the short wheat crop we harvested in 1933.



FARM INCOME SOURCES—Farm crop income, particularly from vegetables, cotton, and grains, reflects improved price levels in 1933, while income from livestock products barely cleared the 1932 low. Vegetable products rose to first place during the depression after ranking third in 1929.

of the acreage reduction campaign, and of various factors which have contributed to speculative control of the wheat market. The 42¢ tariff has prevented an inflow from other countries. In the long run, this domestic price premium can be maintained only if wheat acreage in the United States is reduced to a purely domestic basis or to minor exports from regions west of the Rockies. The 15% acreage reduction, even if generally successful, will not reduce wheat production east of the Rockies to a domestic basis.

In face of these disconcerting figures, it is understandable why Secretary Wallace urges a development of the export market. The farm population today is the largest in the history of the country. Increasing prosperity will turn a portion of it back to the cities, but, if we take 40 million acres out of cultivation, as is proposed by the AAA, we are confronted with a larger farm population working on a lesser acreage, and thereby sharply reducing the per capita production. That is the road to peasantry.

Farm Market

Mounting farm buying power spells increasing sales opportunities. Survey shows where they are.

RETAIL sales reports offer eloquent testimony that, with the help of his Uncle Sam, the farmer is picking up purchasing power. It shows up in the department store gains in Federal Reserve districts where farmer buying counts heavily—in January-March gains over the same period of last year that amounted to 20% in the Minneapolis district, 34% in St. Louis, 25% in Kansas City, 41% in Dallas, 43% in Atlanta.

With gross cash income for the first quarter of 1934 placed at $1,372 millions against $873 millions last year, a 57% increase, there is little wonder that merchants in farm states are beginning to feel the benefits. Higher prices plus benefit payments are coming to the rescue.

In the four states of Minnesota, Montana, North and South Dakota, wheat benefit payments of $8.3 millions in February were larger than the entire Ninth Reserve District's income from either grains, potatoes, dairy products, or hogs. And February sales in country department stores and general stores were 34% above a year ago compared with an 18% gain for city department stores; country furniture stores stepped up sales 77% in the same period against a 15% rise in the towns. Even insurance sales were 30% better than in February, 1933, in North Dakota, and Montana came within 2% of last year.

In the St. Louis District, it's the same

story. Sales of shoes, clothing—particularly of work clothing in rural areas—dry goods, stoves, electrical supplies, furniture, groceries, and hardware are meeting a lively reception from consumers with more coin in their pockets.

Unit Sales Also Up

While part of the increases represent price advances, the gains are so substantial that an actual increase in unit sales is unmistakable. Household appliances, lamps, and radio fixtures featured the electrical supply trade, lifting volume for February, 1934, to the highest point for the month since 1931. Hardware sales have maintained a favorable margin over the preceding year for 11 consecutive months, chiefly by the aid of rural sales. Wire and wire products doubled the February, 1933, volume, and movement of barbed wire and wire mesh to country districts was the largest for the period since 1930.

In the San Francisco District, sales of agricultural implements at wholesale for the first 2 months of 1934 were 187% above a year ago; retail apparel and furniture stores show gains of 27%.

The automobile industry has had the reputation of being the most skilful tapper of farm purchasing power. The 1930 census reveals that, out of 6.3 million farms, there were 4.1 millions boasting 100 acres or more (which lets out the Southern 20-acres-and-a-mule cotton tract) and it shows that exactly 4.1 million farmers owned automobiles.

With these 1930 figures in mind, smart sales managers in other industries are closely watching the farmer comeback. They note, for instance, that, if as many farmers as then owned automobiles can now be rehabilitated and persuaded to supply what most of them lack in other kinds of facilities, the farm market promises an opportunity to sell 3 million farmers additional equipment to pipe water into their homes; to sell bathroom fixtures to 3½ million farmers; lighting fixtures to 3 millions; telephone service to 2 millions.

These sample estimates of sales opportunities drawn from the last census returns are supported by a survey of farmers' needs recently made by CWA men in about 300 counties, roughly 10% of the United States.

What They Need Most

Early returns just being released show an amazing variety of conditions. In some counties the average home has 10 rooms, in others only 4. In some practically every house is painted; in others high percentages are unpainted, more than half in some of the Southern states. A sad state of disrepair is evident everywhere. Invariably the number of jobs, where complete replacement of some important item is involved, exceeds the number of houses. Oftentimes, paint is the major item lacking. Frequently it is screens, insulation, chimneys, sanitary facilities, etc. Everywhere existing installations are found in such bad order as to make appropriate the term "complete replacement needed." Naturally "repairs" occur even oftener in the returns.

Most significant of all for the business man is the reply to the question asked at every home: "If you had $500 to spend in improving your home, what items would you consider?" Results of inquiries so far are most encouraging for paint, wall paper, screens, roofing.

Summaries on the basis of about 15 counties first reported show that well over a third of the farmers want either exterior or interior walls put in better order. This means, of course, paint and wall paper. Almost as many think the doors and windows need screening or other repair. Closely following in the order of need are improved water supply, increased number of rooms, porches, repaired foundations. Then comes the desire for more bathroom equipment and for the installation of sanitary facilities. Chimneys, built-in equipment, and electrical service come along soon after that. Nearly 20% of the farmers mentioned each one of these. Of course many of the replies counted several items as within the hypothetical $500.

If Uncle Sam continues to distribute cash under farm relief plans to rural territory with a lavish hand, there is clearly going to be in these figures guiding information on which to base promotion campaigns. And there will be useful suggestions as to how to vary such campaigns East and West, North and South, between relatively prosperous and relatively primitive areas.

Fare Fight Goes On

Southern Railway's experiment with lower fares clashes with NRA's experiment to end the rail-bus wars, so a peace pact that might make transportation history still hangs fire. It's the ICC's move.

NRA's effort to end the rail-bus wars by an experimental agreement between Southeastern railroads and bus lines on a basic rate of 2¢ a mile (*BW—Apr 7'34*) is hung by the Southern Railway's request for permission from ICC to continue its 1½¢ rate during the remainder of the year. Tariffs in effect since Dec. 1 expire May 31. The National Association of Motor Bus Operators probably will counter by asking the commission to suspend the new tariffs. Preliminary to filing, the Southern petitioned ICC this week to extend its previous order authorizing interline rates of 3.6¢ while continuing intermediate rates at 1.5¢ in coaches and 3¢ in Pullman cars without the surcharge.

Proof of the Pudding

The question whether ICC will throw its weight behind the experiment is complicated by evidence that Southern's passenger revenues are increasing at the low rate. An increase of 105% in the number of passengers carried during December, January, and February was accompanied by an increase of 8% in revenues over the corresponding period a year previous, when the 3.6¢ rate was in effect.

Declaring that this is the first ray of light on the passenger horizon for many years, Southern argues that it is particularly important that the experimental fares be tested through summer and fall months, as this is the season when the public is inclined to use automobiles and buses.

Southern previously experimented over various parts of its lines with the 2¢ rate proposed as the basis of the NRA rail-bus agreement, proved to its own satisfaction that a 2¢ fare would not induce the public to travel by train rather than highway. A 2¢ coach rate in effect on the Southern between Atlanta and Macon several months in 1929 showed an increase of 16% in the number of tickets sold, a reduction in revenue of 11%. Southern first put in the 1½¢ rate in September, 1932, between Winston-Salem and Goldsboro, N. C. with a substantial increase in revenue.

No Trading Down

The disparity between the reduction from 3.6¢ to 1½¢ in the coach rate and from 3.6¢ plus the surcharge of 3¢ in Pullmans has not drawn passengers from parlor or sleeping cars. Pullman Company's revenue on the Southern during December and January totaled $233,633 against $119,117 in the corresponding 2-month period a year ago.

The rail-bus agreement which NRA Deputy Administrator Earl Hughes thought he had sewed up, until Southern walked out, would establish rates of 2¢ a mile for one way, 1.8¢ for round trip, and same rates for buses up to 175 miles, beyond which buses would have differentially lower rates of 85%, 80%, and 75% respectively on hauls from 176 to 299 miles, 300 to 499 miles, and 500 miles and over. The agreement was intended to apply June 1 for 6 months with the idea that this would furnish a test for later application to the whole country.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

THE Department of Agriculture reports that Golden Bantam corn on the cob, frozen last August and cooked in March, tasted sweeter than the fresh, had no "cobby" taste. Results of other tests on vegetables and fruits were sampled. Commercial growers were "interested" by this government meddling and may soon get frozen foods made better by improved techniques.

THE lady of the house is often leery of machinery. Commonwealth Edison, Chicago, discovered this fear of the mechanical had hurt spinner washer and ironer sales, now overcomes it by giving dish towels to women who will run them through the washer, spinner dryer and ironer themselves and thus find out how easy they are to operate.

ARCHER-DANIELS-MIDLAND CO., Minneapolis, challenges the tradition that linseed oil is bought in bulk ("bring your own can or pay a deposit") with a packaged linseed oil that retailers can afford to sell at the same price because there is no measuring, no waste.

WESSON OIL used to sell the makings for mayonnaise (the oil, that is), once featured a mechanical mixer for whipping your own at home, now offers the finished product, complete and ready for use through a subsidiary, the Blue Plate Co. Apparently, the American housewife would rather buy it than beat it.

NATIONAL BISCUIT put out its straight pretzels, called "Slim Jim," some time ago, now offers "Slim Jane," an even thinner pretzel stick, presumably for the lady beer drinkers.

MARTINSON'S COFFEE (delivery trucks are Rolls Royces) has acquired a companion product: Martinson's Chocolate Malted, for the kiddies.

APRIL 16 to 21 will be National Salad Week, if Kraft-Phenix can put it over. This is the company, as might be suspected, which makes Kitchen-Fresh Mayonnaise and Miracle Whip Salad Dressing.

MITTS AND MERRILL, Michigan machinery makers, figure (a) there are many uses for paper excelsior in packing all kinds of things, (b) there is a lot of newspapers, magazines, tissue paper, scrap cellophane and the like. So they have developed and patented a shredder which will take almost any clean paper and turn it into paper excelsior at the rate of 400 lb. an hour.

Wide Reading

NOT KERENSKY: LLOYD GEORGE. Bruce Bliven. *New Republic*, Apr. 11. Contrary to Dr. Wirt's accusation, President Roosevelt is, according to Mr. Bliven, not a Kerensky, but a Lloyd George—a man who has promised much, has the power to do much, but has made few real changes.

THE AUTOMOBILE INDUSTRY IN 1933 AND 1934. *American Automobile*, March. All the facts about auto production and consumption all around the world. Charts; tables; summary automobile news.

"TROUBLE ALOFT!" C. B. Allen. *New Outlook*, April. A criticism of the President's action in regard to the air mail in the magazine from which Al. Smith has just resigned.

THE PLACE OF LABOR IN THE AUTO INDUSTRY. Samuel Romer. *Nation*, Apr. 4. "Automobile workers are on the march, and whether in the A. F. of L. or the Mechanics' Educational Society of America, they will organize themselves within two years. What change this will make in the automobile industry is problematical, but it certainly will transform the relationship of employers and employees from that of master and slave to that of two combatants in a continual struggle over hours, wages, and working conditions."

IS IT A NEW DEAL? Abraham Epstein. *Current History*, March. No. Fundamental defects in our economic system have not yet been changed. Wages must be raised further; relief expenditures must be increased; taxes on wealth must be greater.

VOTE AS YOU PAY. H. P. Losely. *North American Review*, April. There is little logic in the present system of levying taxes. Citizens should pay for services received. Thought-provoking suggestions for revamping our tax system.

WHAT HAPPENED IN THE UKRAINE. *New Republic*, Apr. 11. Last year's famine described, and the program of recovery described. Revelation of the part Germany, France, Britain played in the intrigue to separate the Ukraine from Moscow—and the completeness of their failure.

CHANGE COMES TO THE DOCTOR. Michael M. Davis. *Survey Graphic*, April. Discussion of the Julius Rosenwald Fund's study, "A Picture-Book About the Costs of Medical Care." Who gets medical attention? How much does it cost? Should doctors back socialized medicine?

HITLERISM INVADES AMERICA. Samuel Duff McCoy. *Today*, Mar. 31. First of a series of authenticated articles exposing anti-American influences at work in the U. S.

BOOKS

THE ROBBER BARONS. Matthew Josephson. Harcourt, Brace, 482 pp., $3. Story of the great American capitalists, 1861 to 1901.

THE AMERICAN FARMER AND THE EXPORT MARKET. Dowell and Jesness. University of Minnesota Press, 269 pp., $2. It "appears inescapable that national self-sufficiency is not practicable and that our cotton, wheat, corn and hog, and tobacco farmers will find it necessary to meet the competition of other export countries."

Troubled Oil

Administrator Ickes wants more power to control petroleum, may need to make many compromises to get it. Labor organizers add a new note to the discord.

DISTINGUISHED as the only industry too big for NRA to handle, the oil industry has frustrated a much larger measure of government control. With the resourceful Mr. Ickes as administrator, the industry is not self-governing by a long shot, but the big companies have been able to resist regulation which does not meet their ideas.

This bothers Administrator Ickes, who wants more authority, but has discovered that he probably can't get it without another compromise that will still leave the majors in a dominant position.

Has Bill Ready

For the past 2 weeks Mr. Ickes has had on his desk a bill that would take the oil industry out from under NIRA, discard the code for a new law, practically effacing the pretense of self-government through the industry's Planning and Coordination Committee that long since degenerated into little more than an advisory body.

Administrator Ickes still swears by his bill, but now realizes that he will have to make changes if he expects to get it through Congress. The bill would raise the price of gasoline. In an election year the innocent consumer is a much loved individual and most Congressmen don't need to worry about what happens to the oil industry. For that reason, Mr. Ickes' bill must look pretty for the voters.

It is doubtful, too, whether the bill can be enacted without support from the oil industry, and the big companies are opposed. They will fight a new bill that treads on their toes just as stubbornly as they have blocked administration of the code, by forcing compromises, first on price-fixing, then on the oil marketing and gasoline pooling agreements, now by forcing Ickes to accept changes in a new refinery control program.

Small Refiners' Plan

This plan was put up to the Planning and Coordination Committee by the small independent refiners. It would allot to each refinery in a given district its quota of production and also the amount that could be shipped from production or storage. To each refiner, the Planning and Coordination Committee would issue serially numbered certificates against his quota to be affixed to every bill of lading or shipping receipt. No more gas could be shipped after all the certificates are used.

As the plan was forwarded by the P. & C. committee to the Ickes' board, it had been amended to read that the P. & C. committee "may" establish shipping quotas. In other words, the P. & C. committee would not be compelled to put a quota on a refiner's shipments, but having done so, the issuance of certificates would be mandatory. As the plan was finally released by Administrator Ickes for hearing this week, another "shall" had been changed to "may" and the certification feature, upon which enforcement of plan depends, also becomes optional. Instead of "shall issue," the P. & C. committee "may issue" certificates "upon request therefor being made by the district allocator." Judging by the makeup and operation of the present regional code committees, there is not much question about who would dictate selection of district allocators.

Bid for Support?

Emasculation by Ickes of the refinery control plan to which the big companies object looks like a bid for their support of his bill, now presumably to be confined to control of crude production that under the code has been challenged as unconstitutional. This suits the big companies which contend that control of crude supply is all that is necessary to control the production and price of gasoline.

Independent refiners fear, however, that an effective curb of the crude supply by the government will make it just that much easier for the big companies which own the pipe lines to dictate the amount that the little fellows get. This is the justification that some of them have for running hot oil now, and is the reason why others not running hot oil have advanced the plan for controlling refinery output and shipments with control of crude production.

The independent refiners that have to buy their crude assert the unfairness of having to do so in an artificial market, if they have to sell their gasoline in the open market. The more so, because they fear that with crude supply effectively regulated, the big companies will release the enormous stocks of gasoline which they are said to have run into storage since the code first made its bow last September.

Labor Pains

With chaos in production and marketing, the oil industry apparently will not escape the labor pains rending industries that otherwise are in a much more enviable position. Aided and abetted by the Petroleum Labor Policy Board headed by Dr. William Leiserson, the A. F. of L. is seeking to extend

its organization into fields and filling stations alike. Reports of strong-arm methods are reaching the board.

Pioneer in company union organization, and proud of its harmonious relations with its employees, the industry will resist encroachment by the A. F. of L. in open battle if necessary. Wage rates remain to be definitely fixed. The code established minimum rates with a provision for fixing differentials for skilled workers. Retroactive to the effective date of the code, Sept. 2, these differentials have just been submitted by the P. & C. committee to Ickes.

Airmail Return

Private operation assured as bid-opening date nears, companies reorganize, Congress revamps McKellar-Black Bill.

THE airmail situation, now in a state of flux, is likely to become solidified again before the end of April. The Post Office Department has asked for bids on flying the mail under the temporary setup. The first of these bids will be opened on Apr. 20, with a second batch on Apr. 26. The transport companies are making strenuous efforts to jockey themselves into favorable positions and certain of the former contractors have already started to reorganize on a basis that will make them eligible to bid. Congress, too, is pushing toward permanent legislation.

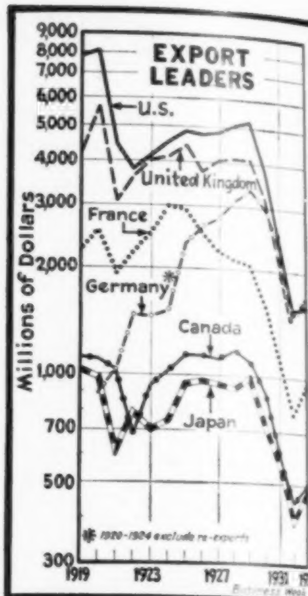
New Requirements

The advertisements for temporary bids (*BW—Mar31'34*), appearing in the form of a thick batch of 4-page folders, one for each of the many routes, were largely standardized. But the equipment requirements varied with the different types of routes to be flown and it was these paragraphs that caused the most comment. Over mountainous terrain multimotored planes are specified. This would rule out practically all the small operators. On the other hand, the present transcontinental routes have been broken up and single-motored planes are permissible on the few sections that are entirely level. On these and on the feeder routes the small operator has a good chance of being the lowest bidder. The clause specifying a speed of 110 miles an hour is a blow to United and North American. Their Curtiss-Condor, Douglas, and Boeing planes have cruising speeds of 155 to 200 miles an hour but are more costly to operate. American Airways, with its large number of 110-mile Stinsons, would seem to have an advantage.

United Aircraft was the first of the "big three" to plan a reorganization. In a letter to stockholders sent out with the annual report, the directors suggested the segregation of the transport unit, United Air Lines (*BW—Mar17'34*), from the holding company, and the division of the manufacturing units into two separate groups, East and West. Aviation Corp. followed United closely with plans to organize a new company to acquire all its transport units. Shares in this company will be distributed to the present company's stockholders and any reaching Cord Corp. will, in turn, be distributed to Cord stockholders. North American Aviation has as yet made no move to unscramble.

Legislative Outlook

Despite the many airmail bills presented to Congress, the McKellar-Black Bill is the only one that has much hope of passage this session. This bill has been greatly improved by recent rewritings. As reported out of committee, it has abandoned all attempt to penalize companies for their past sins. Some collusive act beyond merely sitting in the room during former Postmaster General Brown's conferences must be shown before an official is barred; claims against the government for cancellation are to be permitted; the provision requiring that an army or navy flier be carried as copilot has been eliminated.



SHIFTING LEADERS—When the re-exports also are counted in, Britain and Germany shipped more abroad last year than the United States. On a strict domestic export basis, we are still first in world exports.

The United States Was Third

Final computation of world export totals last year shows that both Britain and Germany were ahead of the United States. Catch: they count re-exports; we don't.

WHEN Mr. Peek, the President's foreign trade advisor, made his startling revelation last week that Britain's total exports in 1933 were, for the first time since the war, greater than the total exports of the United States, he painted only half the gloomy picture. Not only did Britain surpass us in the total volume of exports; Germany forged into second place.

Realists immediately came back at Mr. Peek. When he quotes total exports, he includes in the cases of both Great Britain and Germany a large volume of re-exports which may have been partly fabricated in one of these countries but which often have merely been reshipped on consignment. The United States handles an insignificant re-export business. When domestic exports only are considered, the United States, even in depressed 1933, led the world in the volume of exports.

The importance of re-exports to Britain and Germany are evident when a few figures are studied. Between 1911 and 1915, re-exports amounted to 23% of Britain's total export volume. In the 1926-30 period, this business had dropped to 17% of total exports. In the last 3 years it has not exceeded 14%. But even 14% of a $1.77 billion business is an important volume.

Re-exports are of increasing importance to Germany. In the 5 years before the war, only about 7% of Germany's total shipments abroad were re-exports. Last year they exceeded 10%. Again, 10% of a $1.7 billion business is important.

Germany's jump to second place as a world exporter can easily be misleading. More than any other great export country, unless it is Japan, Germany is dependent on imported raw materials for the great industries which supply the country's major exports. Britain is not at all self-sufficient, but Britain has an Empire and an Empire agreement which assures her of a plentiful supply of raw materials and a preferred position in large markets. France has a better supply of domestic raw materials than Britain, and also a vast Empire to supply deficiencies and to absorb vast quantities of manufactured goods. The United States and Canada, of the other great producing nations, are comparatively self-sufficient.

Germany, in pulling into second place, has been forced to increase imports rapidly. The balance of trade in

1933 was slightly favorable to the Reich, but in the first 2 months of this year, imports climbed well ahead of exports (*BW—Apr7'34*). There are plenty of observers who believe Berlin deliberately bought heavily abroad in the first 2 months so that Germany's economic position could be made to look as black as possible at the creditors' meeting this month. Also, it is known that Germany has sufficient supplies of those products which have been embargoed for 2 months to keep manufacturers busy. Germany's recovery program is too dependent on keeping industry at present levels to allow import embargoes to go too far.

Our Export Position

In Washington, there is a lot of activity aimed at remedying the situation which has allowed other countries to surpass the United States in export volume, even if re-exports are unfairly included. Immediate results are not expected. The Soviet business which was expected to develop as soon as the Export-Import Bank was set up, is being delayed by the complications raised by the Johnson bill prohibiting loans to nations in default. There is a provision in the bill that an organization created by special Congressional authority (such as the EIB) can do business, but the bill was passed on the written agreement that no loans would be made to Russia until the problem of old debts was settled to the satisfaction of the President. Those who have been in Washington recently know that no definite arrangements are in sight yet and that months may elapse before any working proposition is agreed upon.

In the meantime, Cuba's defaults have been ignored as "private," and the EIB is going ahead with plans for Cuban-American trade stimulation, one $6 million loan for purchase of silver in America having already been negotiated.

First Air Freight

British planes fly first British freight in new service between Manchester and London.

London—Britain is experimenting with its first air freight service, a new line flying daily between Manchester and London with planes capable of cruising at 160 miles an hour and carrying a ton of freight. If the service is successful, it is planned to extend the lines to Ireland and the Continent.

Lancashire textile houses are backing the plan because it makes it possible to deliver their samples in London 3 hours after they get them to the Manchester airport. Actual flying time between the cities is 90 minutes.

Another important development in aerial transport in Lancashire is that, as a result of an inspection of the Liverpool municipal airdrome, officials of the Royal Dutch Air Lines have sent recommendations to Holland that the proposed Amsterdam-Hull air service should be extended to Liverpool after June 1, the planes to carry both passengers and freight.

Germany on Wheels

Hitler wants a small, cheap car which everyone can buy. Three million cars is aim of the Reich's first "motor offensive."

Berlin—Germany has only one automobile for each 90 inhabitants. France has one for each 28, the United States one for each 6. To lift herself to the motorized stage of France and Britain, Germany should have 3 million cars instead of the half million now traveling on German roads. And ultimately the goal should be the motorized glory of the United States, which means nearly 12 million cars for Germany.

This is Chancellor Hitler's summary of the situation in Germany, expressed at the opening of the annual Berlin Automobile Show. The one way to overcome the situation is to build small, cheap cars on a mass basis.

Manufacturers Wonder

Manufacturers, taken a little by surprise by the announcement, wondered how they were to pay for the necessary machinery to retool their plants for mass production, how the purse-pinched Germans were going to squeeze out the price of even the cheapest cars.

Americans had a special interest in the news. The General Motors-owned Opel company is doing the largest business in Germany. Under the stimulation of tax exemptions, last year was a big year for the industry. Opel increased its production from 21,600 cars in 1932 to 38,600. This was 36% of total German production. Domestic sales made the largest gains, but because most manufacturers sold fewer cars abroad while Opel actually made a slight gain in export sales, the company accounted for more than 63% of the country's automotive export business. The number of employees rose from 6,700 at the beginning of 1932 to about 13,000 in February, 1934. Simultaneously, the average daily working hours per workman also showed a slight increase so that the large number of workers was not due entirely to work-sharing devices.

Financial results were also satisfactory. For the first time since the outbreak of the present crisis, the Opel company was able to earn a profit of 5 million marks and thus to reduce the loss which has been carried forward from previous years from 16.4 million marks to 11.4 millions.

Business Abroad

Gold bloc faces increasing difficulty. France attempts drastic economies. Germany presents gloomy facts to creditors. British business brisk. Tighter dollar exchange in Argentina. Japan plans new drives for world markets. Canada reconsiders Empire trade agreements.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Political and economic developments of the first rank are pending in Europe but there is nothing this week to indicate the outcome.

London, always keenly alert to financial situations on the Continent, is now expecting at any day the news that Switzerland has left the gold standard. When the Finance Minister recently resigned a strong rumor sped around that here was another reflex of the Stavisky scandal, but it was soon apparent that not fraud but currency trouble was at the back of the matter. So far there is no real evidence behind the rumor.

Actually the position of France, leader of the gold bloc, is stronger than it was. The gold drain on Paris has ceased; there has even been an increase in holdings. The contraction on forward francs may be taken to mean that the London market does not expect any further depreciation in the near future. But the position of the French treasury is a weakness. The proceeds of the Dutch credit are likely to be exhausted soon, as tax yield at home is at low ebb and expenditure exceeds revenue. It is expected that France will avoid inflation by seeking fresh loans. There is some possibility that a group of London bankers may repeat their action of last year and grant a credit of £30 millions to the French treasury.

The procedure will probably follow that of Holland in making her credit. A gold clause will fix the amount of the credit at gold value. A provision will be that should France be unable to deliver gold, she will pay a sufficient amount in francs or foreign currencies to enable the lenders to buy gold elsewhere.

It may be assumed that Britain's attitude at the moment is governed by the desire to keep the gold bloc on gold until the world can talk restabilization.

Great Britain

Industry active; rail traffic expands; rubber restriction expected soon. Stock Exchange threatens closer scrutiny of new issues.

LONDON (*Cable*)—If it were not for the threat of a complete German default on interest payments in the very near future, and for the newest boom in African gold shares which got quite out of control this week and unsettled the investment market, the outlook in Britain would be bright.

Home industry is active; inquiries numerous. Rail traffic is touching new highs on all lines, and interest in summer cruises is mounting to the joy of the steamship lines. Rumors that the rubber restriction agreement is all but completed has caused a rise on the share market. Clearing bank advances in March jumped £11 millions above the February total, which itself was £7 millions ahead of January and the first increase since 1931.

Stock market activity, in fact, has risen to levels where it is causing some concern lest speculative buying of industrials, rails and mines become too great. Authorities are making every effort to check speculation. The Stock Exchange committee has tightened its scrutiny of new issues and the banks are raising their advance interest to brokers and jobbers who want cover for speculative purchases. British recovery is still too precarious to make a false stock boom anything but highly dangerous.

All week there has been speculation over the possibilities for tax reductions, following the large budget surplus announced last week. Hope for relief is strong, but industry is making no anticipatory moves until the government reveals definite plans. Defensive expenditures may still be increased, and the government may be forced to make unexpected expenditures to cope with the water famine situation.

Last week's hopes that the cotton textile industry had about reached a solution of its reorganization problem were blasted when the meeting was adjourned. There are reports this week, however, that plans have not completely fallen through, and that the meeting was adjourned simply to allow time to complete details which are now expected to be announced in May.

Poland Profited

Few countries profited more from the British general strike in 1926 than Poland. Important British markets for coal all around the Baltic were gobbled up by a rapidly expanding Polish industry. It is only recently that the British have been able to regain an important part of these losses through reciprocal trade bargains with the Scandinavian countries.

This week, a Polish trade delegation arrived in London to negotiate a new trade agreement with the British which is sure to take up this, along with other vexing problems. Both Britain and Poland are ready to make concessions and it is expected that the outcome will be to their mutual benefit.

Acme

VIVA IL DUCE!—An overwhelming majority of voters in Italy's recent election pledged support for Mussolini by electing the Fascist Grand Council's 400 candidates to Parliament. This billboard of "yeses" graced the Fascist headquarters in Rome after the election. Roughly, 90% of the country's 10½ million voters cast ballots. The Council will replace Italy's Chamber of Deputies.

Germany

Berlin prepares for creditors' meeting. Jobless drop to half last year's total under Nazi drive.

BERLIN *(Cable)*—German business was comparatively quiet this week but there is an air of expectancy everywhere. Dr. Schacht has been talking informally with creditors in Basle, and soon the creditors' meeting will move to Berlin. Before it is ended (and that may not be for several weeks, for there are many knotty problems to be solved), several significant announcements affecting foreigners are expected.

In the first place, Germany is expected to offer to pay all future interest on foreign debts only in scrip (30% of the present payments are still transferred). Germany will ask that interest on these debts be reduced from the 6% and 7% now being paid to more normal rates around 4%. And Dr. Schacht is expected to ask for a write-down of the remaining principal on these debts on the basis that a large part of them are "war tribute." Americans are the largest creditors.

"Flexible" Scrip

Two further developments have come to light in recent weeks. Until now, the official repurchase price for the scrip which Germany has issued to creditors has been determined several months in advance for fixed periods. Significantly, the *Frankfurter Zeitung* in a recent issue expressed the surmise that in future the Golddiskontbank's repurchase price for scrip will be "flexible," meaning that it will be manipulated in accordance with the amount of scrip available and the demand on the part of export trade.

One of the side effects may be a further increase of the discount on "register" marks. For the last month, this discount has risen from 25% to more than 35%. This is attributed to the fact that the Diskontbank disposed of a large volume of scrip to United States creditors in meeting payments for the second half of 1933, and was not interested in the purchase of register marks. A high discount on register marks means that standstill creditors have no interest in establishing mark balances by demanding repayment of their loans in marks. The liquidation of standstill credits is thus delayed.

Germany Wants Credit

The second development is the intimation from Berlin that Germany is going to ask the RFC for financial aid in making its purchases of vast quantities of American raw materials, especially cotton and copper. Germans are aware that they are a major market for American exports of these products, and that surpluses now existing are embarrassing the market. They forget their own vulnerable position of being dependent on foreign raw materials for the success of their reemployment schemes.

When the unemployment data for March were released, they showed that Germany had absorbed another 570,000 men in industry during the month, and reduced the total number of jobless to exactly half the total on Apr. 1 a year ago. Next move in the Nazi labor drive will come some time after May 1, when a huge demonstration will be staged and when Hitler is expected to announce new plans. There are rumors that these may include demands that laborers in some cases accept lower wages in order to improve the country's competitive position in export markets and spread work among the people at home.

Stock markets were listless during the week, with some prices down. Bonds were inactive. There is increasing demand for steel for building, and the wire market is active. Automobile sales continue to mount under the stimulus of government backing (page 35).

France

Economy program initiated; country awaits reactions of civil servants, whose incomes are cut. Government to cut living costs.

PARIS *(Wireless)*—France has made her first desperate move to ease the economic crisis in the country. Initial step in the spring cleaning program now under way is expected to save 2,860 million francs. The burden must be carried by government employees and those on the pension list. Income cuts range from 5% to 10% for active workers, though the government has promised to cut living costs to help ease the burden.

Government strategy scored a success when Herriot and Tardieu, ministers-at-large in the crisis cabinet, were appointed to find ways of cutting the cost of living. Both are respected; both are capable. Herriot, as mayor of Lyon met the challenge promptly by annulling the fixed price on bread, which immediately reduced the cost to the public by 10%. Grain circles in Paris are already predicting that the minimum price for wheat, when it is set this spring, will drop to almost a half the present minimum rate fixed by the government.

Paris Is Skeptical

With the first section of the economy program announced, the market is being sounded. The treasury has only sufficient funds to operate for 2 months. Another loan similar to the one floated in Holland recently will not be readily available until internal French finances are in better shape. It is therefore necessary to watch closely the reactions of the public to each new economy measure as instituted. So far, the public is merely skeptical because it is feared that world war veterans will organize vigorous protests to pension cuts, and that railway employees will refuse to accept the same reductions as are being forced on civil servants now and will come to them soon. Only the extreme Left parties have protested vigorously so far, however, and there is still hope that the scheme can be made to work.

It is obvious that the general situation is even more ambiguous than it was a week ago. The future now depends almost entirely on the extent to which the public is willing to follow Doumergue's leadership. Though he is universally respected, in certain quarters he is considered the last leader of classical capitalism, and his slightest weakness may give birth to revolution of social ideas such as President Roosevelt is attempting in the United States, and which are being closely watched throughout France.

The necessity for the government to obtain credit on the open market obviates the possibility of any program of vigorous deflation because that would necessitate writing off large sums of paper credits now carried by certain banks and big businesses on their books, and this would react on the Bourse.

Business generally remains dull and unchanged, with political situations absorbing all interest.

Canada

New budget expected to include no surprises. Britain asks better treatment under Empire pact.

OTTAWA—The annual financial budget of Finance Minister E.N. Rhodes is expected to be presented to Parliament within two or three weeks. It is unlikely to contain anything of a startling character in relation to the business community. The sales tax will be maintained as it is and little, if any, alteration in income tax is to be anticipated. The annual financial statement of the budget will show a substantially improved condition of the nation's finances. Revenues have been increasing rapidly for some months, so on current account there will be only a small deficit. The Canadian National Railway shortage and unemployment relief expenditures, however, will leave a considerable amount to be covered by borrowings.

In the tariff there will be some readjustments. While the government has not altered its tariff policy, the readjustments may take into consideration a situation which some observers regard as a threat to the endurance of the Empire trade agreements of 1932. Both in England and in Canada a fairly general feeling obtains that this country has not lived up to the spirit of the agreements. It is contended that Canada has been attempting to hedge on its bargain by restricting the entry of British goods through the operation of dumping and exchange duties.

Canada Hedges

Manifestly, there is some justification for this feeling. It was provided in the agreements that Canadian tariffs should be based on the principle that protective duties would not exceed such a level as would give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production. British exporters maintain that the Canadian Customs Department has imposed extra duties which contravene that principle. Imports of some lines of

British goods have increased substantially since the agreements came into operation but manufacturers of goods of a competitive character hold that they have not benefited by the arrangement.

On the other hand, Canadian exports to Great Britain have increased very substantially in the last 18 months and reports from Britain indicate increasing concern for the effect on British agriculture. It is a matter of discussion here that such outstanding British statesmen as Stanley Baldwin and Walter Elliot, Minister of Agriculture, have been hinting that the privileges of the Dominions in the British market may have to be curtailed. It is recognized here, not only that the British government is particularly concerned at the present time about the temper of British farmers, but that British trade policy is definitely shaping along a line that will increasingly restrict the home market for Dominion food products. It is seen that Britain is recognizing that if she cannot sell abroad as formerly, she must produce more of her own requirements.

No More Dumping

That the Ottawa government is concerned about the situation is indicated in action now being taken to drop the dumping duties on British goods. This action is the more remarkable in view of the fact that a couple of months ago the Customs Department was refusing to accept the rulings of the new Tariff Board to the effect that the duties were incompatible with the 1932 agreements. The government had taken the side of the Customs Department to the extent of asking the Supreme Court to decide as to the powers of the Tariff Board. Now, it is doing what the board originally ruled should be done.

This situation combines with the new and revolutionary marketing board legislation to give the politicians their chief concern upon their return to parliament after the Easter recess. There are those who believe that the radical character of the marketing bill portends a general election this year. The idea is that the legislation, which virtually makes the state responsible for the success of the farmer's operations and the operations of the fishing and forestry industry, is too good an offer to be rejected and that the Bennett government would have a chance of returning to office.

International News

DEBT ENVOY—Laird Bell, Chicago lawyer, is representing (with Pierre Jay, New York) the Foreign Bondholders Protective Council, Inc. at the German debt discussions this month.

Latin America

Argentine foreign exchange situation turns unfavorable. Cuban moratorium. Russia will barter with Brazil.

ARGENTINA has had its *affaire Stavisky* with somewhat the same results as in France, though perhaps the results will be a little less severe. For some time, Argentina's foreign exchange has been in the hands of a government-appointed Exchange Control Commission. Recently, several members of the commission were found guilty of speculating in foreign exchange behind their advantage of inside information. A dozen men have been arrested already, and the commission abolished. There may yet be further revelations involving important people. When the commission was abolished, its duties were handed over to the Ministry of Finance.

Americans view the whole situation with concern. The attitude of the Argentine government is not friendly toward adjustment of American commercial claims. There have been repeated claims from Americans that they have been discriminated against when commercial debts were liquidated. Recently dollar exchange has become scarce again, except when permits have been secured in advance of the shipment by Americans. Recent investigations in Buenos Aires reveal that an estimated 200 million paper pesos are still virtually frozen there. These accounts have not yet been "blocked," though some official action on them would come as a surprise to few creditors familiar with the current situation. American exporters are shipping reluctantly to the Argentine unless they have exchange permits for payment.

Credit in Cuba came in for another setback this week when it was announced in Havana that the government would sanction the discontinuation of principal payments on at least 2 outstanding American loans. There was no definite time limit beyond that statement that amortization payments would be resumed when the government revenues warranted it. Interest payments will be continued.

Recent reports indicate that fighting is continuing between Bolivia and Paraguay, with the Bolivians suffering severe reverses. Most recent dispatches indicate that prominent Bolivian families have become alarmed over the outlook, are leaving the country temporarily.

From Rio de Janeiro it is reported that the government has authorized the Minister of Communications to sign a contract with the German Zeppelin company for the establishment of a regular airmail service with Europe and opening a credit for nearly $1 million for the construction of a hangar at the Brazil terminus. The contract will stipulate that there should be at least 20 trips a year by the Zeppelin for a period of 30 years.

Also announced in Rio is the formation in Brazil of a Soviet trade office to sponsor Russian-Brazilian barter deals. Russia wants hides and wool, while Brazil will take gasoline and wheat.

Far East

Japan continues industrial expansion and drive for foreign markets. Australia plans chilled beef shipments to Britain.

THE threat of war in the Far East has lessened considerably in recent weeks. There are rumors now from Tokyo that an agreement has been reached with Russia for the sale of the Chinese Eastern Railroad. Formal announcement is awaiting the settlement of incidental details. Japanese activity in North China and in Inner Mongolia continues, but few persons believe that it will result in further serious fighting this year.

In Tokyo, business activity is steady. Bonds are up slightly this week. Stocks are steady. Raw silk prices are rapidly declining to the lows touched in June, 1932. Other commodity prices are firm.

Industrial production continues at a high level. Rayon production in February reached a new high. Bicycle producers have started a new drive for world markets. Cotton textile output is mounting, and exports are at record levels. Total Japanese exports in the first quarter were 24% greater than in the same period last year. Imports dropped 3%. The trade balance was still unfavorable.

To the continued reports from China that the country will go ahead with vast plans for communications and road development was added the announcement this week that a new banking firm is being planned by commercial and government leaders to finance industrial expansion without interference from Japan.

Australia has resolved to attempt shipments to Great Britain of chilled beef instead of the frozen product. Experiments are being carried out now, and if they are successful, Australia will attempt to win a larger place in England's market for chilled beef.

Revolt on Exchange Control

Senate committee swings to control of stock exchange by a new commission, instead of by FTC.

SENATOR GLASS crashed through this week with an amendment that promises to loosen the stock exchange control jam. Opposition to the Fletcher-Rayburn Bill as drawn by the "young liberals" has been spreading through both the House and Senate committees (page 11). Some feel that this change in sentiment is due to the absence of the President from Washington. Others believe that it is just dawning upon the committee members that the bill was too drastic, too intent upon social reform. But the opposition, heretofore, tended to pick at details. Senator Glass struck at the heart of the bill.

New Governing Setup

The veteran Virginian, the Senate's authority on finance and an avowed enemy of speculation, proposed that the administration of the bill be placed in the hands of a Federal Securities Exchange Commission composed of three members to be appointed by the President with the advice and consent of the Senate. This amendment, adopted by the Senate Banking and Currency Committee by a 10 to 8 vote, would confer upon the commission all the powers given to the Federal Reserve Board and the Federal Trade Commission under the terms of the original bill. It is a far-reaching step back toward the type of control recommended by the Roper Committee (*BW—Feb 3'34*) and it should make the bill much more palatable to the exchanges and to business generally.

The margin requirement problem was tackled by another amendment that gave the new regulatory commission complete discretionary power to fix broker's margin for customers and the Federal Reserve Board power to set the margin requirements for member banks.

Further Changes Voted

Other amendments approved by the Senate Committee would strike out Section 2 labeling the bill an emergency measure and change Section 10 to permit specialists acting as brokers to deal for their own account under the control of the regulatory commission. The balance of the bill was referred to a subcommittee for action.

The Glass amendment may also affect the plans of those who would relieve corporations of the necessity of making frequent and complete reports. Many, believing that this provision of the original bill applied to all corporations whose shares were dealt in either on an exchange or over-the-counter, feared that its operation would give the FTC far too much power over industry. So, too, the drive to alter the Securities Act by attaching a rider to the Fletcher-Rayburn Bill may gain ground, for the administration of that Act might then be taken away from the FTC and turned over to the proposed Federal Securities Exchange Commission.

The House Committee on Interstate Commerce, more Administration than its opposite number in the Senate, may endeavor to block any changes in the original bill. It may await the return of the President for added backing in its stand or stubbornly risk defeat of the measure rather than shift the power of control away from the FTC. Or strategy might dictate a bending to the will of the Senate Committee in order to get some regulatory legislation through promptly. In that case the revised bill should have little difficulty.

Patents

Scientists see no merit in extending patent law to include discovery as well as invention.

PATENT protection for scientific discovery, as contrasted with invention, is not necessary, involves serious legal and practical difficulties, might result in irksome scientific monopolies. This is the finding of the committee on patents of American Association for the Advancement of Science as reported for the benefit of the American Bar Association. As a result, it is expected that A.B.A. will not back legislation broadening the patent practice of the United States to include discovery.

Many engaged in scientific research have been enamored with the idea that they should secure protection for their discoveries of new knowledge that did not involve invention. The A.A.A.S. committee believes that there is "fallacy . . . in the assumption that patents are granted as a reward to inventors." They conclude that the most serious objection to patenting scientific discovery "is the difficulty of devising a workable scheme."

The committee also recognizes a distinct problem in patenting of medical discovery or invention. In this field it believes that there is nothing unethical, indeed in most cases nothing undesirable, in a patent of invention. It concludes that "the public should certainly be willing to pay actual cost for what it gets," even in medical developments.

Money and the Markets

Financial markets watch new silver move. Stocks, excepting the uneasy utilities, continue their climb. Bond gains add impetus to drive on Securities Act. Commodity rises miss the farmer.

Money and Banking

THE money markets continue inactive with rates still sinking closer to absolute zero. In the bill market, the large excess of liquid funds and the real scarcity of acceptances has created a lopsided demand-supply relationship. This, in turn, has led to a "hoarding" of bills by the banks, an outbreak of rate-cutting, and a revolt of the bill dealers who are endeavoring to protect themselves by no longer publishing uniform bid and asked quotations. It has been stated that recently, when quoted rates were $\frac{3}{8}$%-$\frac{1}{4}$%, transactions were consummated at $\frac{1}{8}$%-$\frac{1}{4}$%, the lowest figure of which there is a record.

Senator Thomas, Again

This extreme credit ease may become more pronounced if the new silver purchase bill unanimously reported to the Senate by its Agriculture Committee becomes law. Sponsored by Senator Thomas (Okla.), this bill is frankly inflationary. Its major object is the lifting of commodity prices to 1926 levels. Bettering the condition of silver and aiding the export of agricultural products has become secondary. It has been known for some time (*BW—Mar17'34*) that certain inflationists are looking to important silver legislation as the first step in a new move to lower the dollar's domestic purchasing power. This apparently is just such a bill.

Theoretically, it is an extension of the Dies silver bill that has already passed the House (*BW—Mar24'34*). But actually it goes so far beyond the earlier measure as to be practically a new proposal. It directs the Secretary of the Treasury to nationalize silver by taking title to all domestic bullion at a fair price "not less than the highest world price on the day preceding the issuance of the proclamation." Further, the Secretary is directed to step into world markets after Jan. 1, 1935, and purchase at least 50 million ounces a month until commodity prices reach 1926 levels or the price of silver reaches $1.29 an ounce. And purchases could be resumed later if commodities or silver fall to 97% of these fixed levels.

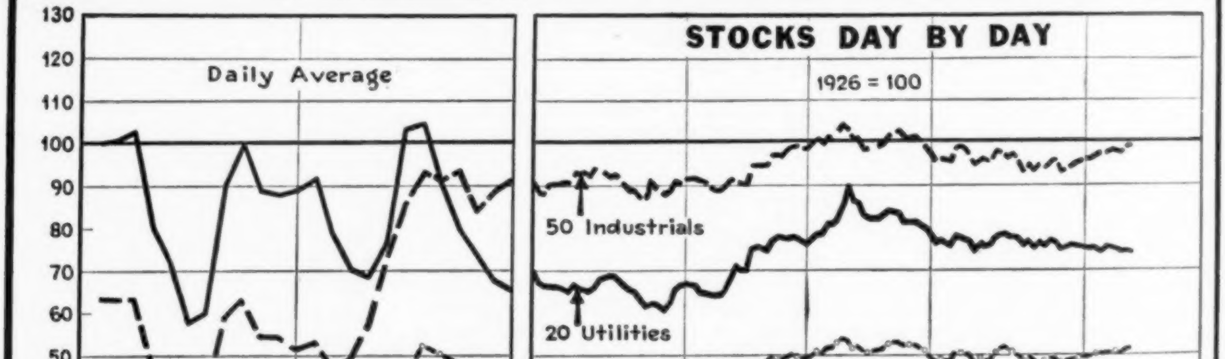
Export Uses

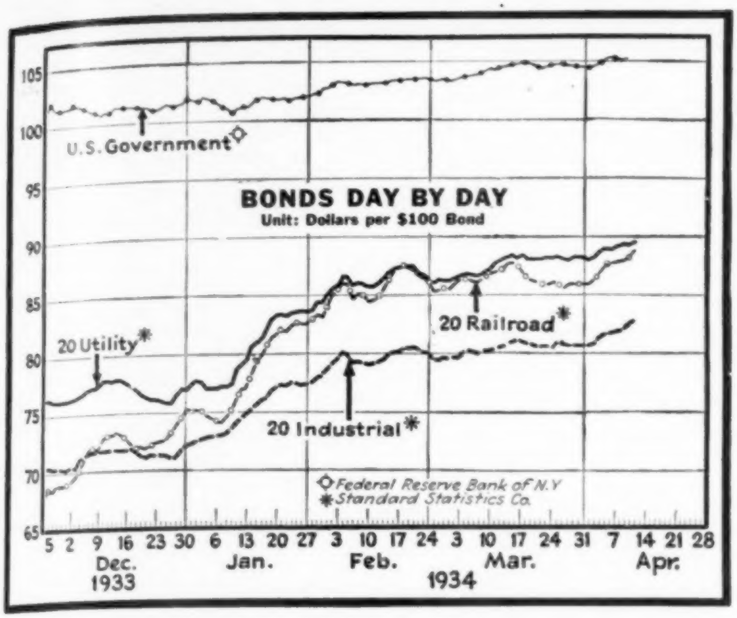
Additional inflationary effects are to be gained by retaining the Dies bill plan of exporting agricultural commodities for silver. But this section is strengthened in the present bill by making the Export-Import Bank of Washington the official agency for negotiating the sales and setting the exact premium above the world market price that would be given for the silver received in exchange. This premium, according to the provisions of the bill, must be not less than 10% nor more than 25% above the world price but the total shall not exceed the gold parity figure of $1.29 an ounce that has been set. The Treasury is directed to issue silver certificates for all the silver that might be received under the terms of the bill at the rate of $1.29 per ounce and to use these certificates to pay for the silver. As much of the metal would be acquired at prices lower than the maximum, the difference would be seigniorage or a profit represented by the extra certificates.

Inflationary Tendencies

Senator Thomas emphasized the point that not only would the bill tend to increase farm, silver, and general commodity prices, but it would also "put into the hands of the people an adequate quantity of new money which cannot be withdrawn from circulation by arbitrary action of some board or bank." He neglected to mention that presumably an equal amount of Federal Reserve notes would be withdrawn and that the total circulation would not be increased. However, the psychological influence of such an issue would be decidedly inflationary and, combined with the other provisions of the bill, should push prices upward rapidly, and "correct" still more the creditor-debtor relationship.

It is believed that the President would prefer to have any silver legislation permissive rather than mandatory. But this bill seems to have strong support in both Houses and both parties. It may become a part of the law of the land before the end of the present session.





Stocks

STOCKS, encouraged by the progress made in softening the Fletcher-Rayburn bill, continued this week the recovery started two weeks ago. While the indexes for both industrials and rails remain well below their February peaks, many individual specialties within these groups were able to climb to new highs for the year.

Utilities were the stepchildren of this advance. Passage by the New York State Senate of the Lehman utility bills dampened any speculative enthusiasm that might have been generated. These measures, principal among which are those facilitating construction of municipal plants and empowering the Public Service Commission to order temporary rate reductions to a point where the companies would earn 5% on the property used, would apply to only a few systems.

Example Feared

However, investors fear that other states might follow the lead of New York. There is also the possibility that the federal government might go further into competition with the privately owned utilities. Rumor has it that plans are now being laid for 10 or 12 huge projects somewhat like that of the Tennessee Valley.

Metals, on the other hand, benefited from the attention they received in Washington this week. The completion of the copper code and the subsequent rise in the price of copper to 8½¢ lifted stocks of the companies in this group to or near the best figures recorded this year. Lead and zinc, being in a better position, have less need for codes than copper but they too should find this form of control helpful to their industries. And consumption of all three metals should rise as soon as the Administration is able to get its durable goods program under way.

The movement of industrial shares would indicate that investors are not particularly concerned over the higher costs of producing goods. Both wages and raw materials have been stepped up sharply in recent weeks and the prospect is that this trend will be maintained for some time into the future. The higher cost–higher price policy preached by so many inflationists seems to be actually in operation. But, as this policy gives a greater purchasing power to the consumer it tends to expand production and build earnings even if profit margins are narrowed in the process.

Standardized Reactions

Incidentally, the very complete standardization of the Wall Street mind in response to certain stimuli has been well illustrated by the market's action throughout the past few weeks. Traders' reactions to the automobile strike, to the President's letter requesting a regulatory bill with teeth, to the advance in steel and automobile prices, and to the Glass amendments was strikingly uniform. This, perhaps, results from the need to act swiftly. Time is not available for a thorough analysis that might lead to a divergence of views. Instead, they have learned by experience the probable effect on prices of certain types of news and this experience leads them all in much the same direction.

Bonds

THE bond market, extending last week's advance, pushed forward this week to new high levels. Some hesitancy crept into the investment issues at times but speculative bonds soared. Second-grade rails were particularly favored, some being bid up to prices not equaled since the war. The underlying strength of the market may be enhanced by the prospect of more inflation under the new silver bill.

Without this strong and active market the Treasury's refunding might not have proceeded so smoothly. The Fourth Liberty 4¼s called for redemption were widely held and relatively little time was allowed for the making of deposits under the exchange plan announced last week. Secretary Morgenthau ordered the termination of the exchange offer as of midnight Apr. 12 instead of leaving the books open until the last minute as is customary in such cases. Additional bonds might have been offered for exchange in these two extra days but early estimates indicate that the Treasury will not have to pay out more than $200 millions in cash.

Another Call on Libertys?

The Fourth Libertys that have been called for redemption amount to about $1 billion out of a total of approximately $5,367 millions outstanding. If more of this issue is to be called on Oct. 15 notice must be given by Apr. 15, 6 months before the next succeeding interest date. The success of the present exchange plan has led many to believe that the Treasury would call additional bonds at that time. If this should prove to be the case, it most probably will be accompanied by a new exchange offer and quite possibly the new bonds will bear a coupon of less than the 3¼% carried by the present issue.

Revision Group

This trend toward lower interest rates and higher bond prices has added impetus to the drive for a revision of the Securities Act of 1933. Representatives from the mining states have formed a well-organized bloc to fight for changes in the law that would permit the financing of new mining companies.

This group, headed by Representative Scrugham (Dem., Nev.) has a bill pending before the House Interstate and Foreign Commerce Committee and has also held preliminary conferences with Federal Trade Commissioner Landis. Its attack is centered on the liability and reporting sections of the present statute. In the Senate, Senator Hastings (Rep., Del.) is pressing an amendment that would make the act more like the British Companies Act.

New Issue Wave

Whether these particular changes are accepted or not, it is quite apparent that Senate sentiment is for an alteration. Even Chairman Rayburn of the House Committee has stated that there would be some revision of the Act. The Administration's attitude is likely to be favorably influenced by its desire to hasten the recovery of the durable goods industries. This, of course, unless the Congressional dentists attempt to draw too many teeth.

The result of modification should be a wave of new issues. Many companies with excellent credit are in need of long-term funds to pay off bank loans, to modernize equipment, to extend facilities. There is a waiting demand for these bonds but if they come too quickly they may tend to soften the market for existing issues. But, so long as money remains as cheap and as plentiful as at present, there is little danger of any large reaction in the prices of high-grade bonds.

Commodity Markets

A WAVE of anticipatory buying in the metals market, advances in building material, some bad news for the farmer, and mixed movements in the textile group internally rearranged the wholesale commodity price index so that it emerges at 73.3, lower by 0.1 point than a week previous and 0.4 below the high of the year.

There was almost feverish activity in the metals. General advances in steel prices were from $2 to $8 a ton, following the recent 10% increase in wages. The steel industry made these advances effective around Apr. 10 and shrewdly encouraged widespread contracting by customers to cover needs. Copper, lead, and zinc, it was felt, were underpriced, and codes were expected to encourage orderly marketing, hence bring prices up to cost of production.

Metals Go Up

In the most active market of the year, copper advanced ½¢ to 8½¢, lead ¼¢ to 4¼¢, and zinc at 4.40¢ in St. Louis was up 10 points. Even silver reached the highest mark of the year—46¾¢—on the news of the Senate Agricultural Committee's new omnibus bill (page 40). Tin was erratic and somewhat easier in anticipation of the organization of a buffer pool.

The farmer fared badly. May wheat closed on Wednesday at 86⅛¢, slightly lower than the preceding week. The winter wheat report of the Department of Agriculture estimates the crop at 492 million bushels against 351 million bushels harvested last year, and 632 million bushels, the 1922-1931 average. The department's crop estimate is about 14 million bushels lower than the average of 5 private estimates (page 28).

May corn at 49¾¢ is a half-cent higher than last week, on news that acreage intention on Mar. 1 was 10% lower with the sign-up campaign still on. Cattle have gained from 10¢ to 20¢ per cwt., but hogs, at $4.10 for the medium weights, have declined 30¢, attributable to the cessation of government buying.

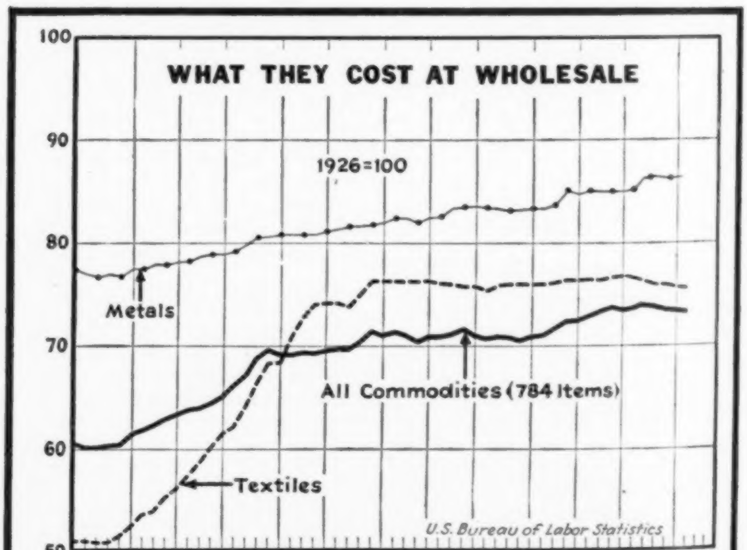
Cotton, at 12.08¢ for May delivery, was higher than last week. World consumption during February is reported at 2,084,000 bales, 91,000 bales more than in February last year, but 138,000 less than in January, a decline which was slightly more than seasonal. Chances of the Bankhead bill have declined measurably during the week, this neutralizing the improved statistical position.

Sugar prices touched a new low for the year because of pressure of holders of Philippine sugars. One spot delivery was made at 2.78¢, the lowest since February.

Wool prices made some gains during the week after several weeks of losses. Rubber at 11.72¢, for May delivery, is at the highest point of the year. This in spite of no new developments in the attempts to restrict production. World consumption of rubber in 1933, at 810,000 tons, hit at a new high, 14,000 tons higher than the previous peak in 1929. Production in 1933 is estimated at 844,500 tons, 140,000 more than in 1932.

Wholesale Prices

A tabulation by *Business Week* shows that, for the first quarter of 1934, wholesale prices have averaged 20.7% higher than for the same period last year, but the cost of living has risen only 7.7%. The 784 items show wide discrepancies in movement. Textiles have advanced 48.7%, and farm products 43.2%. At the other extreme, chemicals and drugs have advanced only 4.9%, and metals only 9.5%. Similar discrepancies show up on a breakdown of the cost of living items. Retail foods have advanced 15.9%, cereals 27.5%, meats 9.5%, and dairy products 9.4%.



Editorially Speaking—

THE sweet urgencies of spring manifest themselves in unexpected quarters. Even the chattering innards of the Dow-Jones news ticker know their thrill. We were conning a prosaic report of crop conditions when the faithful machine discarded its matter-of-fact verbiage to burst into an emotional recital that pictured the glory of waving green acres, of singing larks tumbling against a turquoise sky: "March made its farewell to the Southwestern winter wheat plains with three windy days" ending in a gale that "sent dust clouds sailing." "With a stay to celebrate Easter" there were further blasts which "made naught" of mitigating hopes. . . . The tender interlude passed. There was the suspicion of a sigh as the ticket settled into passionless stock quotations.

INDIVIDUAL cities have cut their costs by combining departmental purchases. Paul V. Betters, executive director of the American Municipal Association, would better the plan by inducing big cities to enter a buying pool. Thus several towns might get together and own a coal mine. Automobile tires, hose, other equipment, would be stocked and orders filled from a central bureau. The idea appears basically sound but—politicians still run most municipalities and the chances are that for a long time such buying will be tainted with expediency.

CHICAGO'S State Street Council—made up of retailers within ¾ mile of that [illegible]us thoroughfare—is extending its [illegible]nce. Special sales by members are held simultaneously. Result, whole sections of bargain ads in newspapers, transportation agencies add equipment to handle the extra business, more jobs for salespeople.

ANY radical will tell you that company unions are devices by which capitalists keep their grip on the gullet of labor. Well, not all company unions are subservient. In Chicago the Dryden Rubber Co. organized a union of its employees. Recently there was a walkout by some of the 2,000 workers. A 20% pay raise was demanded. After 2 days there was a compromise; a 5% raise at once, another 5% on July 1. The company was working 3 8-hour shifts daily to catch up on orders from big automobile makers.

WHILE business in San Francisco is generally better, the restaurant industry (one of the things that makes the city famous) shows a persistent decline. Steady recession through 1933 left sales 44.6% under the 1929 high. The cause was breathless competition by an incredible number of new eating places. During 1933 an average of 81.3 new restaurants were opened every month. Out of 1,835 new retail establishments launched during the year 51.3% were restaurants. Many of the new owners knew no more about the business than a pig knows about Christmas. But there was always a dumber brother willing to take a chance when inevitable failure occurred. Some places changed hands 7 times during the year. Average loss to the community for each failure was $9,000. Of this $2,000 to $4,000 was invested capital, the rest unpaid bills.

WASHINGTON hotel-owners should get out their prayer rugs and bump their heads toward General Johnson every time any one says "NRA." *Horwath's Hotel Accountant* measures its benefits from the New Deal in percentages. While total hotel sales increased 19% for February against the same month last year, Washington's increase was 32%. The capital's room sales went up 38%, against a national increase of 10%. Washington was one of the few towns that dared raise room rates, favoring itself confidently with an uppance of 3%.

THEFTS of autos in Chicago declined 43% during the first 3 months of 1934 as compared to 1933. Sterner restrictions, not higher morals, caused it. The state has a new title certificate law making transfer of "hot cars" much more difficult.

WHAT blow torch enables Messrs. Wreszynski and Norris to unfreeze refrigerated German credits? A lot of folk, including bankers, wish they knew. The two came to New York with offers to pay more than market prices for German bonds and blocked marks. In England holders of German bonds turned them over to Norris for 3 months, covering the risk with a fidelity guarantee insurance policy. Sterling to the promised amount was magically delivered. Siegfried Wreszynski is an obscure but astute German of Danzig. Colonel Francis Norris is somebody in England. He was a liberal candidate for Parliament, he advised one of the Allied Commissions, he helped Lee Higginson with the Kreuger mess, he practices law in England and Paris, is a distinguished linguist.

ALABAMA has a stamp tax on near beer that hadn't produced a cent for over a year. Suddenly the fund was revitalized with receipts of 18¢. A collector had bought 3 of the stamps at face value.

BUSINESS WEEK

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APRIL 14, 1934

Letter vs. Spirit

Industries which make goods for current use have had a considerable recovery. Indeed, their volume of output is so nearly normal that it has become obvious they cannot be expected to hire many more people. But there are millions still out of work. They are the men who used to make durable goods, the buildings, machines, and equipment which call for investment of capital. Before national recovery can be achieved, they must find jobs.

By this process of logic, the Administration has come tardily to the decision that it must do something to stimulate the capital goods industries. It has taken a deal of vigorous work on the part of economists and business leaders who saw the facts of the situation long ago, plus the practical demonstration of the course of events, to awaken Washington to the necessities of the heavy industries, but at last the outlook is more promising. There are stirrings of activity at the top, and there are even the beginnings of a general public understanding of the facts.

Plans, in so far as they have developed, are practical. They contemplate encouragement of home building and home modernization, to be dramatized as a "Rebuild America" campaign. Four and a half years of depression have dammed up a vast demand for better housing which can be released if financing can be facilitated and if the home owner can be encouraged to feel it now is safe for him to make such an important commitment.

It is planned, further, to set up facilities for intermediate credit—the 3- to 5-year loans the business man must have if he is to modernize his plant, or expand it. Commercial banks should not tie up demand deposits in such loans; most of them are too small to interest the securities market, even if all the restrictions of the Securities Act were removed. Here, then, is an inviting field for governmental assistance.

So far, so good. But all this is of no avail unless there is a real spirit behind it. New legislation will not make loans. The RFC has had for some time a means of lending to industry through its "mortgage company" device. But the restrictions thrown around the scheme were so severe as to discourage business, and to lead inescapably to the conclusion that the RFC wanted to discourage business. Senator Glass has succeeded admirably in muddying the water surrounding the intermediate credit bank bill. He has offered an alternative plan throwing the function into the Federal Reserve. It looks like another effort to discourage such loans.

It will be the same with the building drive—ballyhoo and public enthusiasm are highly useful, but they avail little if the financing agencies act the part of pawnbrokers, intent solely on excessive security.

The will of Congress and of the President was that as many banks as possible be opened as soon as possible after March 4, 1933. That will was thwarted effectively by the pawnbroker psychology of governmental agencies. Intent on not losing a penny, they cost the country billions by delaying recovery. The same grudging spirit again can thwart capital goods revival.

New laws and new drives will not get the big industries going, unless the men who administer the laws enthusiastically believe in the purposes behind them.

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